ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, November 2, 2020

The meeting of the Economic Development and Finance Standing Committee was held on Monday, November 2, 2020, at 5:34 p.m., remotely via Zoom. The following members were present: Commissioner Burroughs, Chairman; Commissioners McKiernan, Bynum for Townsend, Johnson, Walters; and BPU Board Member Jeff Bryant. Commissioner Townsend was absent. The following officials were also in attendance via Zoom: Gordon Criswell, Melissa Sieben, Emerick Cross, and Alan Howze, Assistant County Administrators; Patrick Waters, Senior Counsel; Angela Lawson, Deputy Chief Counsel; Katherine Carttar, Director of Economic Development; Rick Mikesic, Director of Revenue/County Treasurer; Andrea Parra, Deputy County Treasurer; Kathleen VonAchen, Chief Financial Officer; Alley Porter, Commission Liaison; Carol Godsil, Deputy UG Clerk; and Rocki Mayes, Program Supervisor in County Administrator's Office.

Chairman Burroughs said before I call the meeting to order, I do want to announce that due to COVID-19, some committee members, staff, and public are attending remotely via Zoom as well as on site. All participants joining by phone should mute their phones when not speaking to avoid background noise.

During the meeting, please make sure that you announce yourself by name and title every time you speak so the public that is observing knows who is speaking. This is critical given the number of remote participants and is current guidance from the Kansas Attorney General.

Due to COVID-19 requirements, in-person public comment has been suspended unless otherwise required by law. The public is allowed to participate by Zoom or submit comments by email prior to the meeting and those comments will be respected and included in the record of this meeting.

Chairman Burroughs called the meeting to order.

Roll call was taken and members were present as shown above.

Chairman Burroughs said we do have one revision to tonight's agenda. I believe Item No. 4 has been added, which is a resolution amending the development agreement for the Homefield Project. We will get to that as we work through our agenda.

Approval of standing committee minutes from August 10, 2020. **On motion of Commissioner McKiernan, seconded by Commissioner Walters, the minutes were approved.** Roll call was taken and there were six "Ayes," Bryant, Walters, Johnson, Bynum, McKiernan, Burroughs. **Chairman Burroughs** said I do appreciate the Clerk calling that roll. I'll call it roll. It was just to ensure that we all understand that the minutes are a matter of record.

Committee Agenda:
Item No. 1 – 20455…REPORT: THIRD QUARTER 2020 CASH INVESTMENT
Synopsis: Third Quarter 2020 Cash and Investment Report, submitted by Rick Mikesic, Director of Revenue/County Treasurer, and Andrea Parra, Deputy County Treasurer.

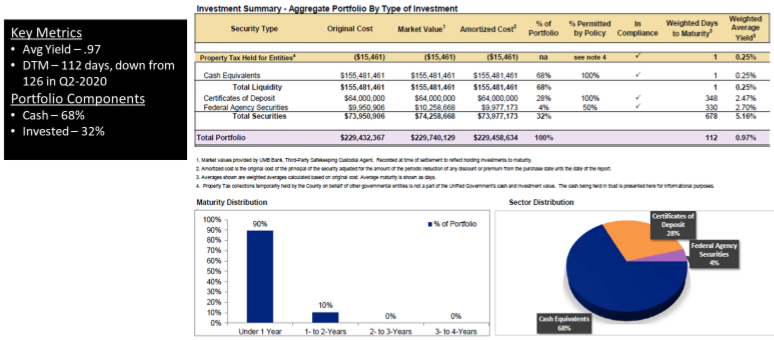
Chairman Burroughs said I'll recognize Rick Mikesic and Andrea Parra at this time.

Rick Mikesic, Director of Revenue/County Treasurer, said we are here tonight to give our quarterly report. It's a fairly common thing for us to come back for this report. Andrea Parra, Deputy Treasurer and the Cash Manager, will be presenting the report.

Unified Government of WyCo/KCK
Quarterly Investment Report
Third Quarter 2020
July 1, 2020 – September 30, 2020

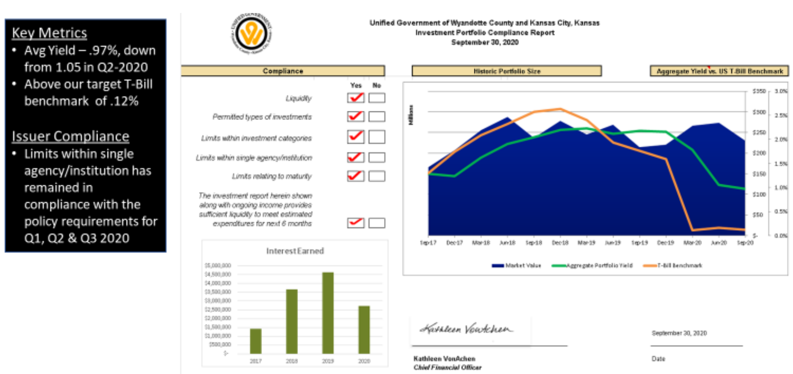
Presented by:
Richard Mikesic, County Treasurer
Andrea Parra, Deputy Treasurer

Andrea Parra, Deputy Treasurer, said as Rick stated, we're going to be going over our Third Quarter 2020 Investment Report. It's going to be very short, sweet, to the point. Not a lot has changed. With COVID, there is not much outside of small investing anywhere. We are going through Period Three, Quarter Three, which is July 1st – September 30th.



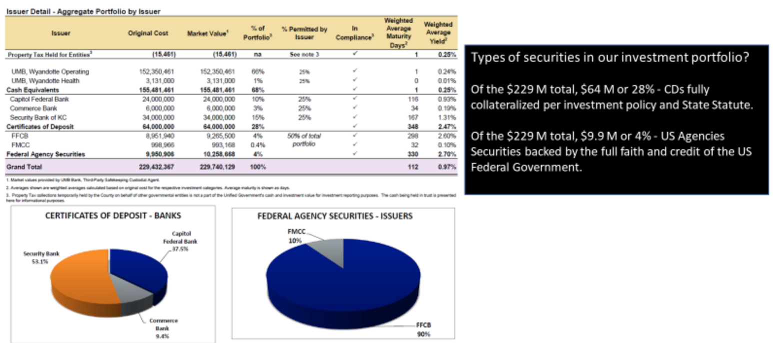
Security Type	Original Cost	Market Value[1]	Amortized Cost[2]	% of Portfolio	% Permitted by Policy	In Compliance	Weighted Days to Maturity[3]	Weighted Average Yield[3]
Property Tax Held for Entities[4]	($15,461)	($15,461)	($15,461)	na	see note 4	✓	1	0.25%
Cash Equivalents	$155,481,461	$155,481,461	$155,481,461	68%	100%	✓	1	0.25%
Total Liquidity	$155,481,461	$155,481,461	$155,481,461	68%			1	0.25%
Certificates of Deposit	$64,000,000	$64,000,000	$64,000,000	28%	100%	✓	348	2.47%
Federal Agency Securities	$9,950,906	$10,258,668	$9,977,173	4%	50%	✓	330	2.70%
Total Securities	$73,950,906	$74,258,668	$73,977,173	32%			678	5.16%
Total Portfolio	$229,432,367	$229,740,129	$229,458,634	100%			112	0.97%

First to kind of point out, our average yield is .97, still slowly going lower, as did the days to maturity. It did lower again. As you can kind of see, our total portfolio is sitting at basically under a year within maybe one to two years of any of the investments we still have. So, that has gone done from quarter two, which was 126 days. Quick and short, we do have cash and then investing is 32%. The cash amount is 68%. Of that portfolio, you do see we still have a few federal agencies sitting out that we've had for a few years. One did mature, which I will point out in the next slide or two ahead of time.



The next slide is going to be another little synopsis of where things are. Again, one of our high goals, since Rick and I took over this whole process, was to kind of keep that limit and that compliance within itself, keeping compliance under the institutional rate that we have set for ourselves. We're on target here for quarter one, quarter two. Now, quarter three, all financial institutions have remained in compliance. My personal goal is to keep it that way. I can't guarantee anything, of course, but keeping active, watching the rates, watching our investors, making sure everything is proper to do with mine personally. T-Bill rate is still at a benchmark of .12. We are above that target rate and have exceeded that most quarters. Also, the interest for 2020 is still on track to be even with 2019, if not above 2019. We still have another quarter to report there. I wanted to point out that there is a lot of movement. You do see the T-Bill. It did drastically change.

The overnight rate, again, we have to really point that out every time we come forth with these reports. It's just the most high number we can get in terms of basis points. We are remaining staying there. Can't really take a .12 amount of investment right now when we have the overnight at .25 the last we were seeing. We want to keep that right where it is, steady and strong.



Issuer Detail - Aggregate Portfolio by Issuer

Issuer	Original Cost	Market Value[1]	% of Portfolio[3]	% Permitted by Issuer	In Compliance[3]	Weighted Average Maturity Days[2]	Weighted Average Yield[2]
Property Tax Held for Entities[3]	(15,461)	(15,461)	na	See note 3	✓	1	0.25%
UMB, Wyandotte Operating	152,350,461	152,350,461	66%	25%	✓	1	0.24%
UMB, Wyandotte Health	3,131,000	3,131,000	1%	25%	✓	0	0.01%
Cash Equivalents	**155,481,461**	**155,481,461**	**68%**		✓	**1**	**0.25%**
Capitol Federal Bank	24,000,000	24,000,000	10%	25%	✓	116	0.93%
Commerce Bank	6,000,000	6,000,000	3%	25%	✓	34	0.19%
Security Bank of KC	34,000,000	34,000,000	15%	25%	✓	167	1.31%
Certificates of Deposit	**64,000,000**	**64,000,000**	**28%**		✓	**348**	**2.47%**
FFCB	8,951,940	9,265,500	4%	*50% of total portfolio*	✓	298	2.60%
FMCC	998,966	993,168	0.4%		✓	32	0.10%
Federal Agency Securities	**9,950,906**	**10,258,668**	**4%**		✓	**330**	**2.70%**
Grand Total	**229,432,367**	**229,740,129**	**100%**			**112**	**0.97%**

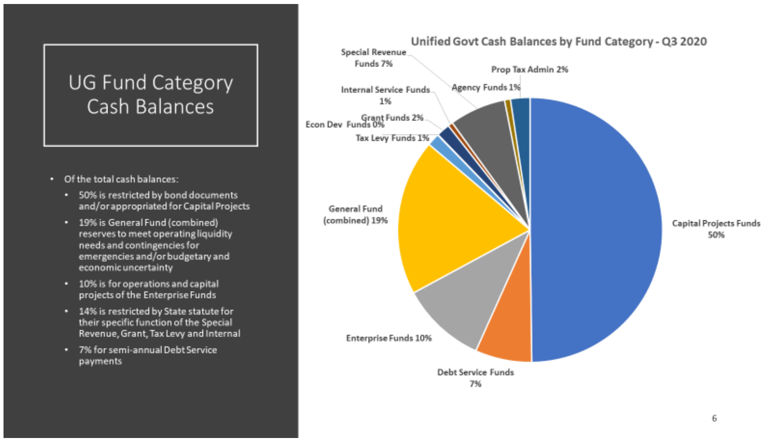
1. Market values provided by UMB Bank, Third-Party Safekeeping Custodial Agent.
2. Averages shown are weighted averages calculated based on original cost for the respective investment categories. Average maturity is shown as days.
3. Property Tax collections temporarily held by the County on behalf of other governmental entities is not a part of the Unified Government's cash and investment value for investment reporting purposes. The cash being held in trust is presented here for informational purposes.

The next slide just kind of goes over where the cash is sitting between the investing. We do have three institutions holding that 68%, $64M, excuse me, CDs. Then we do still have two federal agencies that are holding about a little under $10M, to complete the whole portfolio of about $229M. Most of those small institutions we did have from the prior two quarters were one-year less investments, so they have since matured, which I will point out here in this next slide.

Quarterly Transactions Detail - Aggregate Portfolio

Settlement Date	CUSIP	Issuer	Coupon	Maturity Date	Par	Original Cost
Thru Q3	NA	UMB, Wyandotte Operating	0.250%	10/1/2020	(17,613,546)	(17,613,546)
Thru Q3	NA	UMB, Wyandotte Health Reserve	0.250%	10/1/2020	(405,000)	(405,000)
Cash Equivalents					**(18,018,546)**	**(18,018,546)**
Purchases						
2/16/2018	1150009568	Security Bank of KC	2.200%	8/17/2020	(5,000,000)	(5,000,000)
8/18/2017	6600543	Commerce Bank	1.500%	8/17/2020	(2,000,000)	(2,000,000)
9/13/2016	70146623	Capitol Federal Bank	1.330%	9/11/2020	(1,000,000)	(1,000,000)
9/16/2016	70147530	Capitol Federal Bank	1.330%	9/16/2020	(1,000,000)	(1,000,000)
9/21/2016	70148178	Capitol Federal Bank	1.330%	9/21/2020	(1,000,000)	(1,000,000)
9/23/2016	70148246	Capitol Federal Bank	1.330%	9/23/2020	(1,000,000)	(1,000,000)
9/28/2016	70148363	Capitol Federal Bank	1.300%	9/28/2020	(1,000,000)	(1,000,000)
3/26/2018	66000543	Commerce Bank	2.380%	9/28/2020	(5,000,000)	(5,000,000)
9/17/2018	313370US5	FHLB	2.810%	9/11/2020	(8,975,000)	(8,986,129)
Calls/Maturities					**(25,975,000)**	**(25,986,129)**
Total					**(43,993,546)**	**(44,004,675)**

You do see a lot of activity that did happen. Some long term, some short term. Of course, we did not go out for bid and did not make any purchases, but, again, some of those long-term investments we had did mature here in the last quarter, one of which was an agency that was set up right when we started taking over, and a few others that were there prior to our new management, me and Rick.



The next and final slide that we have to present tonight is just going to be the Unified Government cash balance by fund. Do point out that most, if not half—sorry, everybody's imageries are kind of covering—50% is in that restricted section, which is capital projects, projects that are already pre-determined, earmarked, not for use today. Then we have 19% in General Fund, which is the true dollars that we have available to spend. 10% in operational capital projects, including that Enterprise Fund. 14% are restricted for the State Special Grant Fund, revenues, tax levies, those types of funds. Then, the annual debt service payment at 7%.

As I pointed out, very quick and sweet. Anybody have any questions for me or Rick? I believe I saw Kathleen, as well—for any of us?

Chairman Burroughs said, staff, I'm going to ask for assistance with hands. I don't see any raised at this time by the panelist. Committee, any questions, comments? (There were none.) I do know that this is for information only.

I would like to make a comment. I know these are quite challenging times for savers because of the interest rate, but I do want to commend you for keeping us in compliance. Thank you. It is our guidance, as a committee, to ensure that the numbers that are reported to us are one, accurate and within our policy range. So, I do appreciate that. I know that was one of the goals that we had set early on. Andrea, thank you for the overview and, Rick, nice job. I commend both of you for investments under the most challenging of times.

Ms. Parra said we did finish, and I wanted to just point at the end of my little spill, we did recertify all the financial institutions these last few months. Lost a few, gained a few new ones that we'll hopefully get into that market and that investing activity as soon as we can go out for bid, as an entity, if we decide to. Still sitting above 10. I believe we ended up recertifying 11 local financial institutions that will be part of that new list of eligible bidders when we're ready to go. We'll go out and meet them, those that we have not met. Some new hands have changed, some new owners, some have retired so, we'll keep active in the community and do the best we can to keep that portfolio diverse.

Chairman Burroughs said wonderful. Thank you so very much.

Chairman Burroughs said I would ask staff if there were any comments received from the public in reference to our Third Quarter Report. **Ms. Godsil** said no public comments received.

Chairman Burroughs said with no other comments from committee, seeing none, again, I just want to state this was for information only.

Action: For information only.

Item No. 2 – 20458…ORDINANCE: TERMINATE WESTFIELD CID
Synopsis: An ordinance terminating the Westfield Shopping Center Community Improvement District and repealing Ordinance No. O-19-20 and Resolution No. R-35-20, submitted by Katherine Carttar, Director of Economic Development.

Chairman Burroughs said I believe Ms. Carttar will be making comments this evening and will be making the presentation.

Katherine Carttar, Director of Economic Development, said this is a situation we've had really quite excellent kind of luck; it's not luck, just development that has happened over the course of COVID. You kind of forget that there are some developments that have had less fortuitous, kind of path through this very challenging time. One of those is the Westfield Shopping Center CID. This was just really kind of the worse possible timing. You all heard this back on March 2nd and that's when the CID was approved by this committee and then two weeks later, which was the week, if you recall, the week that everything shutdown, is when the CID was approved with the anticipation at that moment that a group called Elevate Property Advisors would be purchasing the property and we had a development agreement with them about exactly what they would be doing to improve the property.

I will say it remains their intention to do this. The current owner and the potential buyer still very much want to move forward on this project. That being said, due to COVID, retail projects really are just basically impossible to finance at this time. With that, this had a time, kind of a clock, that it was going to start this last quarter of 2020. Obviously, it is not in line with the development agreement that we had agreed to since the improvements won't be happening currently.

So, that being said, we would ask that we terminate the CID for now and then we are very hopeful that within the next year, the retail markets do turnaround a bit and we are able to move forward on this project in which case, we would just come back with the same CID and approve it at that point.

Chairman Burroughs said I anticipate we'll see this project probably sometime next year with the committee again.

Chairman Burroughs asked, does any member of the committee have any questions or comments? Seeing none, staff, Clerk, do we have any comments that were presented by the public? **Ms. Godsil** said no public comments received.

Chairman Burroughs said this is an action item, committee. I would entertain a motion to accept the item as presented.

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Walters, to approve as submitted.** Roll call was taken and there were six "Ayes," Bryant, Walters, Johnson, Bynum, McKiernan, Burroughs.

Chairman Burroughs said I do believe there were some improvements on the property. The parking lot has been paved and some paint work has been accomplished. Some of this has moved forward in spite of COVID under the present developer. So, thank you for that.

Item No. 3 – 20459…PRESENTATION: ROCK ISLAND BRIDGE FEASIBILITY STUDY
Synopsis: Presentation of the Rock Island Bridge Feasibility Study by HR&A, consulting firm, submitted by Katherine Carttar, Director of Economic Development.

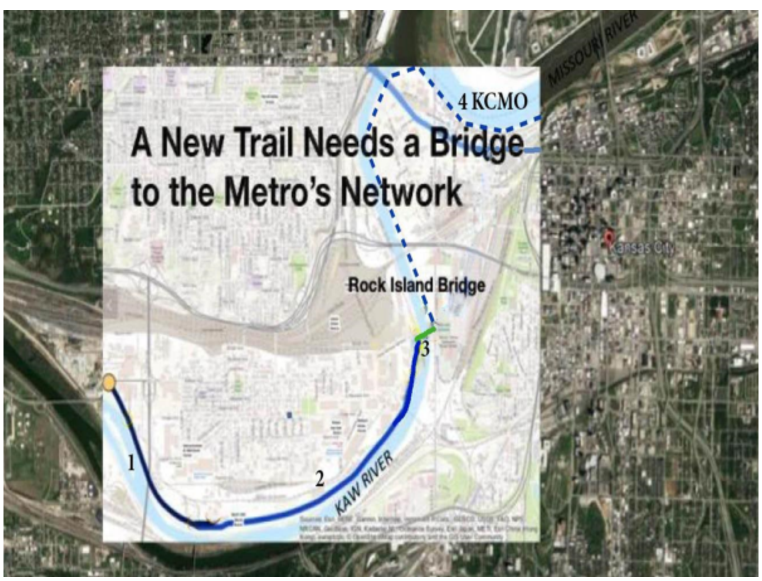
Chairman Burroughs said the Rock Island Bridge study is for information only. I'll ask Katherine to make some opening remarks.

Katherine Carttar, Director of Economic Development, said this is a project that you all have heard on a couple of different occasions. So, this is really the next step. The last time we came before you to discuss this project was about gosh, right at the end of last year, beginning of 2020. At that time, the direction from this committee was, interesting project but we'd like more information. So, can you please go forward and get a feasibility study? So, to that end, the Unified Government, we partnered with the Department of Commerce at the state to fund. We did an RFP and funded a feasibility study that was done by HR&A. They have completed that study and are here today to discuss their findings and recommendations.

In order to kind of tee up that presentation, we thought a brief presentation from Michael Zeller, who's vision of this project is, so you can kind of see some updated renderings, have those in your mind when HR&A is going to go through their presentation. With that, I will first introduce Michael Zeller with Flying Truss.

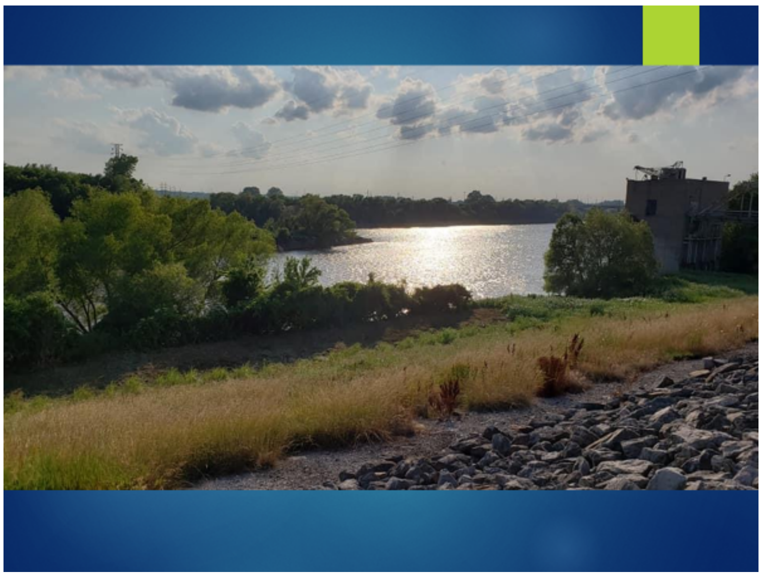
Michael Zeller, Founder of Flying Truss, LLC, said I'm here with one of my two partners, Michael Laddin. I believe John McGurk is joining us electronically from afar. I'll just briefly step through how we got here and also share the latest renderings from Gould Evans Architects and Thornton Tomasetti Engineering.

That is, of course, the Rock Island Railroad Bridge in Armourdale. It was built in 1905; a big part of the stockyard district. John McGurk and I leased that long term several years ago with a plan of putting an event space in the center of it, with narrow egresses in and out.



We believe that folks what to have unique experiences. The Kansas River is actually quite a lovely thing is what you were seeing there on that last photo.

Soon after signing that lease, we were contacted by staff from the Unified Government suggesting that we start talking about how we might work together and it could serve as both a destination and as a public crossing. The Unified Government, according to the Trails Coordinator, has 127, the linear feet of trails per person as Johnson County. Lighting up this levee top trail system is kind of an affordable, pretty easy way to begin to address that equity.

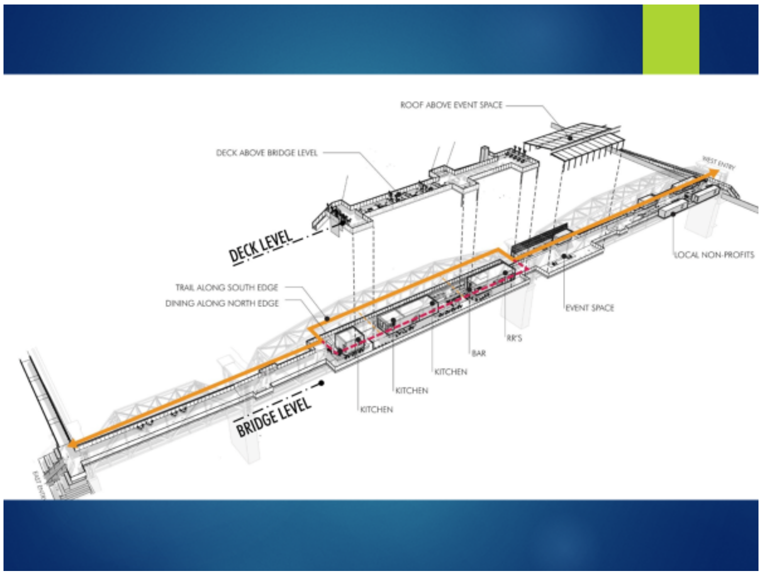


It's really quite a lovely trail. I've been riding on Wednesday nights. CABA's been having a ride.

These are photos from that all summer long. The last one was two weeks ago. You're up high. To convert a levee top to a trail is really pretty easy. You put fresh gravel down or maybe you can upgrade it further.

The bridges do tend to be lower on that side, which is one of the reasons that they came to us. When across the bridge, still in Kansas City, KS, and then run north on the levee top to that main east/west trail that connects downtown Kansas City, KS, and Kansas City, MO.

So, that provoked a lot of thought. This project has a lot of friends and we've been talking to a lot of people. How could a public crossing and a very unique and exciting destination over a river coexist? It's actually one of the old bridge engineers, who's a friend of the project ,who suggested, well, make more real estate, cantilevers, which is what that's an image of there. That's a railroad bridge and its been inspected by a mark grant. It's very robust. Of course, they told us we could cantilever off the sides and make more land.



This is a fresh schematic by Gould Evans Architects. This is looking southeast. So, Hy-Vee Arena would be just to your left about a 1-minue walk from there. The first thing I'll draw your attention to is the clear channel public crossing in the bright golden line there. People will always be able to make their way across the bridge unimpeded. Of course, the bridge is doing double duty though. It's also in the center, there is an entertainment district and that consists of four public restrooms, a drinking fountain, some bike tools, things like this because this does double duty as a trailhead. The next trailhead being upriver, I believe, where the Proctor & Gamble plant is. Next to that is a coffee shop and a bar. Then, we have three, quite large, industrial kitchens that will house four restaurants in there. That single area is about 75 yards long. The scale is really hard to convey, but I believe you've all been out there and have a bit of a feel for it.

Now, on top of that, what I think is really exciting on these plans, is we now have an upper deck. That's just open public space. I kind of think of it as Union Station. Anybody can go into Union Station, hang around. If you want to get lunch, you can. If you want to book a wedding, you can, or come back for dinner. Maybe see a concert there. A lot of things going on. But, it's open public space. We will lock it down in the evenings at night for security reasons, but we will have somebody there opening it up to connect both sides of that river 12 months a year.

Next to that entertainment district in the center is an event space. It's covered with kind of like a greenhouse. I'm really excited to talk about on the right there, a two-phase addition to the plan to buildout real estate out there. This is a community zone. In Phase One, we're going to be able to put the wings on the side, or we plan to, and open it up to different kinds of civic groups. The ones that are interested in that so far are CABA, Free Wheels for Kids. They repair old bicycles and make them available for kids who can't afford bikes and they organize bike rides. Another group, Fish Like a Local, wants to teach people how to fish; and also, the Friends of the River, a non-profit group, has 70 kayaks and canoes. They would like a presence there to rent to the general public. The Kaw, of course, is a lot more kayaking and canoe-friendly than the Missouri River is, which moves at about twice the speed.

That's about 30% of the bridge we're using there. Of course, there's other sections on the bridge, plus we can go up in later phases. This is really the first example of an enterprise or a destination bridge that any of us have been able to find anywhere, so there's no template. This is pretty ambitious what we're starting with, but we know that there will be later phases as well.

This is what Bridgette Jobe, the Director of Tourism for the state of Kansas, refers to as the front door. She says that she's long thought that both Wyandotte County and the state could use a front door. This is about 50 feet inside of Kansas, right there next to Hy-Vee Arena.

That's looking southwest, again, at the entertainment district. It's a park meets the High Line Trail in New York meets a venue; just a lot of open public space. A place to take a book or your laptop in the daytime. Take your family out there for dinner in the evening.

That's looking back toward the east. Hy-Vee Arena in the background there. You can see how adding that second layer really, well, literally gave it another dimension to the project. That's actually pretty inexpensive real estate to produce. It's like a deck.

That's a ping pong table in the middle the designer included for scale just to give you a sense of what's going on.

That's on the south side. That's the public trail side. Because of the use, the large number of people and children, we are asking that this be a dismount zone. While it is a public crossing, I'd ask you not to think of it as like a superhighway. People can make their way across here unimpeded. Maybe it's analogous to working your way through a square where you're a piazza in Italy, that kind of place with a lot going on; a lot of people.

That's the north deck there. You see there's more seating. That's a coffee shop in the back.

We want to do a lot of plantings. That's the covered space.

This is the last slide. This is on the west end looking east at that community district there. Those are shipping containers with big doors and windows in them. CABA really wants to put a workshop in there and do like work fixing bicycles. We like it because anything that activates the levee top, the bridge, the river makes it all stronger. It makes everything better.

So, there are a lot of reasons to do this project. In addition to delivering a fair return to the founders and our investors, we're also converting a pretty visible piece of life into something positive. So, we're taking a negative and going to a positive and putting this bridge on a sound footing for the next hundred years. We're going to obviously connect those trails up to the metro system.

Phase One creates about 65 jobs with the 4 restaurants, the coffee shop, the bar, the 2 event spaces. That's not including the not-for-profit zones. It's also a bit of a catalyst. Energy follows attention. I think of this bridge as being kind of a first Fridays, if you will, for the Kansas River. Bridgette Jobe estimates there's going to be about 360,000 people in year one down there, above the river, looking at the river, thinking about it, maybe engaging with it more. By year 4, 5, 6, we'll start to pay a lot of taxes to the UG.

There's a bit of kind of a call, an awakening, if you will. The river is one of these things, it's just kind of been there for a long time, but we've been a little bit blind to, I think, as a community, both the Kansas and the Missouri River. We've partnered with about 7 or 8 groups a few weeks ago. Several of you, I know, were there—worked with CABA and Armourdale Renewal, Levee Trails, to have a kind of an open house for the river and help people see the river what it might become over the next 5, 10, 20 years. A place for nature, for recreation, for economic development. That bridge will be a bully pulpit for a lot of that stuff; keep people up above it. You can have your meetings up there, for example, on Monday nights.

This is the first phase. There's a lot of potential. We've got no shortage of ideas here. We can enclose those top decks. This is Steve Foutch standing on top of what was Kemper Arena. His next step is to put a ropes course up there. We're seriously talking with Go Ape and a couple of other national firms about doing a zipline across to the far end there. Of course, kayak and canoe rental, I mentioned that. Steak house on top of one of those heavy lift gates. Just more community space; more like the High Line. As we develop those revenues, more gardens, parks. We're hiring a director of programming so there's going to be a lot of activity out there. The bridge and the river are the real show. We'll have a lot of other fun on that bridge.

I'll just leave you with—I've collected up quotes over the months and years.

Slap's is one of our two cornerstone destinations on the bridge.

The bridge is a lot of fun and the tours were good at the Kaw social. But I've got to say, the riverboat rides usually steal the show. This is Monica Perez's son. He had a blast. They all come off those riverboats with a smile. It's really kind of fun to see your city from the river.

Ms. Carttar said thank you very much, Michael. I think that was a great overview to kind of get everyone kind of reoriented and kind of see the progress that has been made. You can see just from the renderings that this is moving forward in terms of thinking about how to best create a space for the public, while also being a really unique potential opportunity for KCK and the metro.

With that, we'll transition over to HR&A. Again, this was the consulting group that did the feasibility study over the past many months. I'll turn it over to Candance Damon.

Candance Damon, HR&A Advisors, said I guess by way of introducing us for those of you who are not familiar with us, which is probably most of you, we're a real estate and economic development consulting firm with five offices around the country.

Really focused on working with a diversity of public, private, civic, and non-profit actors in America's great cities to advance transformative projects. We work in this phase of development, at the beginning, when people are trying to figure out how to make dreams reality and put together the stack of capital and operating dollars to pull these projects off.

I, personally, work mostly on urban open space and how you demonstrate the value of urban open space in a way that generates capital investment and long-term sustainable operating revenue to pay for those spaces.

The Unified Government (UG) retained HR&A to evaluate the viability of Flying Truss' proposed Rock Island Bridge (RIB) reuse and to recommend a project implementation strategy.

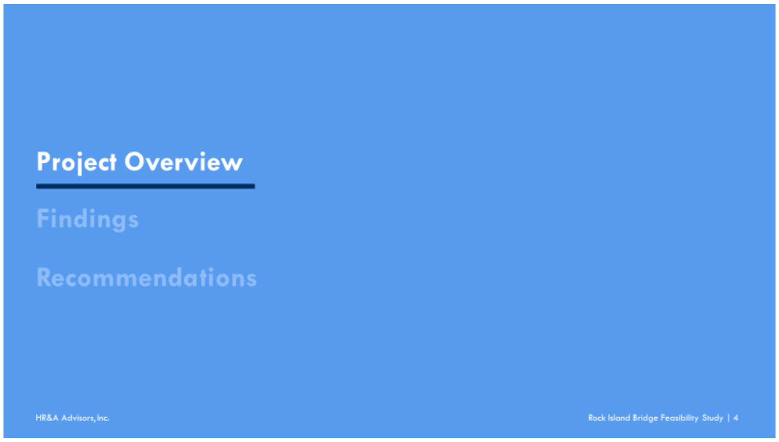
OBJECTIVES

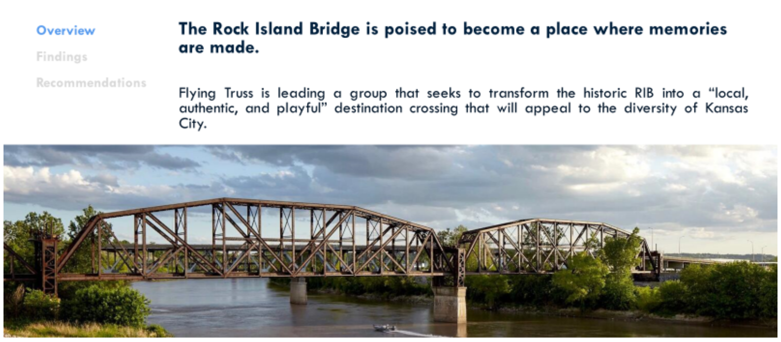
- Evaluate the feasibility of the RIB project based on documentation developed to date
- Estimate the fiscal return to the UG of the stabilized RIB project
- Identify best practices for governance strategies and business planning

So, in this case, what you all asked us to do was really two things. First, to take a look at the business plan that Flying Truss has put together and opine on whether it established a basis for thinking that the business that's been described is a reasonable going concern and has a good chance of being a business that will succeed as a market-based business including its tenants.

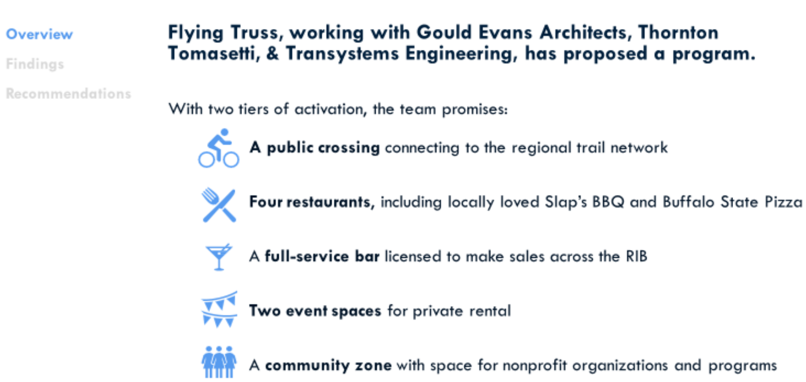
Second, that to the extent of making that possible requires a partnership with the Unified Government that the Unified Government had a reasonable chance of being paid back for its loan to the project.

Finally, just to make any suggestions that we might have about making the case for that business plan stronger. So, that's what we're going to present tonight.





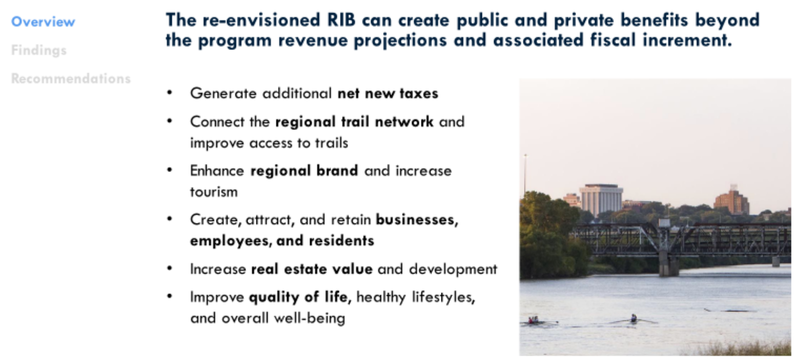
First, I would suggest this project really does have the potential to be something very special, the kind of place that your children and grandchildren will talk about. Many of us have traveled enough to know that there are particular places that you go to when you visit other places that become identified with the city where you've been. Many of them, in fact, great pieces of infrastructure, bridges, and the like. I think this has a real shot at being that kind of place for KCK.



I think its chances for success are fundamentally grounded in three facts. First, the Flying Truss team has assembled an excellent team, including the firms that are listed at the top of this slide who've been helping think through the capital investment program, but also a host of other firms that are working with Mike and his partners on what is the operating model look like. They are some of the best firms in the region and in the country, and they've been doing, I think, very good thinking about how this project might play out.

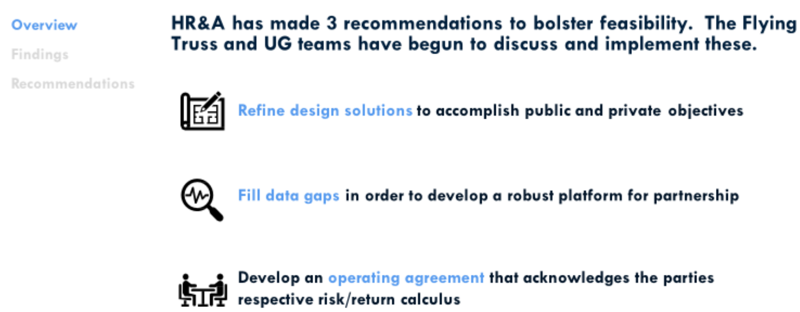
Second, the program that's been proposed is diverse and its flexible. To the extent in a world in which Katherine was just telling you guys about a different project a few moments ago, retail is changing rapidly. The whole way we think about retail has to be reinvented virtually every five years. This is a design and a way of thinking about a program that permits flexibility over time. So, to the extent the Flying Truss team doesn't have it quite right, which is likely, the design accommodates and the quality of the team will accommodate flexibility over time to get it right and to think it through.

And third, its location has all sorts of advantages. This is a place where multiple actors, principally public actors, have decided that local investment goes and the consequence of that is that if you're in this area, and we've seen this in cities around the country, that when the public and the private sector bet on a transitional area, each of those bets makes all the other bets that much more plausible. Certainly, here and notably with the completion of the Army Corps of Engineering investment, you have a good shot at this being successful.



So, on paper, based on the numbers that we've reviewed and the conversations that we've had, we think this project has a very solid chance of generating a healthy private return, of creating a really exciting destination, and paying back its public debt.

In addition, we think it has a very solid chance of generating a variety of other returns that you haven't asked us about: additional taxes above and beyond those required to repay the debt, significant enhancement of the regional recreational network with public health benefits, and increased real estate value in the immediately adjacent neighborhood, and perhaps most significantly, a real chance to enhance the ground and the attractiveness of Kansas City, KS.

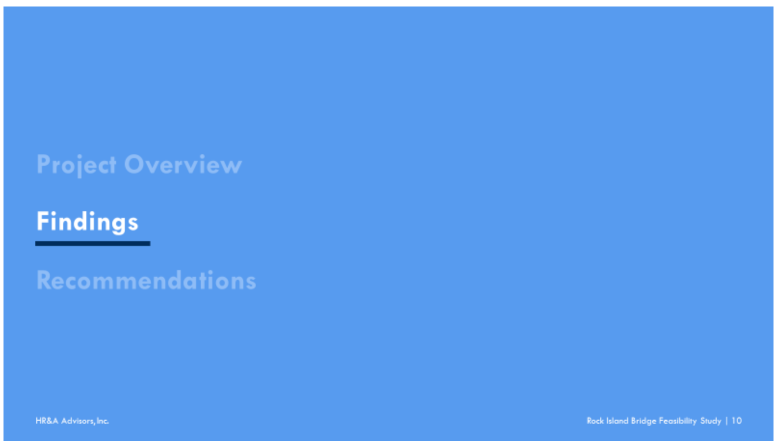


It remains, though, a high-risk public/private investment. Public/private investments are virtually, by definition, high-risk projects and we think there are three actions that, as you guys advance this partnership, ought to be taken in order to make it more plausible that it will succeed.

First, and I have to say that Flying Truss—we've shared these recommendations with Flying Truss, and they have agreed with all of them and begun to advance all of them, I think. We'll talk more about that as we move through the slides.

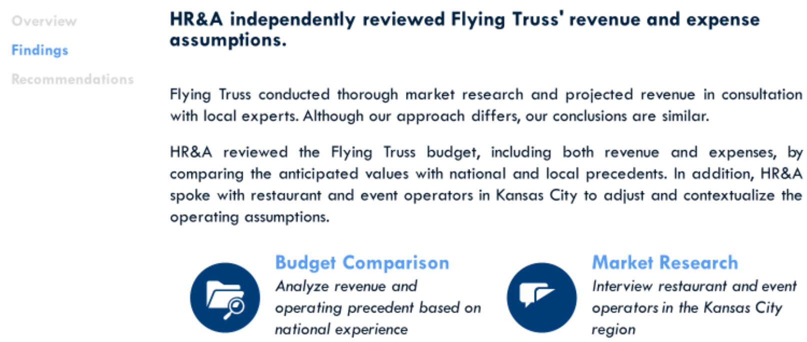
The first set of design drawings that we reviewed suggested that meeting the public sector goal of ensuring a permanent, free, accessible public right-of-way was going to be difficult to achieve absent complicated to advance management regime. We suggested the design solution made more sense and that there should be a permanent public right-of-way created. Mike showed you that. We think it's very attractive and it ensures that the principal public objective that's been established for this project will, in fact, be met.

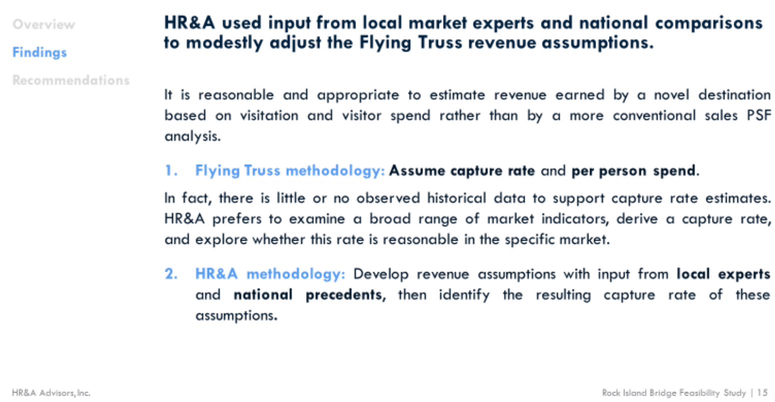
Second, this is going to be a meaningful partnership of the public and private sectors. One, that is our understanding is relatively unique in the KCK area, and partnerships require a transparent sharing of data. In this case, there are some relatively small parts of the numbers that we've explored together that we think needs some more work. As the partnership advances to an operating agreement, which is likely to take the form of a ground lease, those data gaps should get filled and a conversation had about the assumptions that underlie them.



So, let's walk through that in a little bit more detail.

The first thing I should say is that unique projects like this one, by definition, don't have precedence so I can't point to a project anywhere in this country and say this is exactly like this other project. Mike's absolutely correct in saying that there's no other bridge reuse that's quite like this one in the country. Certainly, there are parallels. He points to Union Station in Kansas City. I pointed in earlier conversations with some of you to Union Station in Denver. The High Line has some—notwithstanding the fact that it's in New York, has some parallels. Many of you may have been to some of the other projects on the slide, all of which we looked to, to think about the business plan that was presented to us.

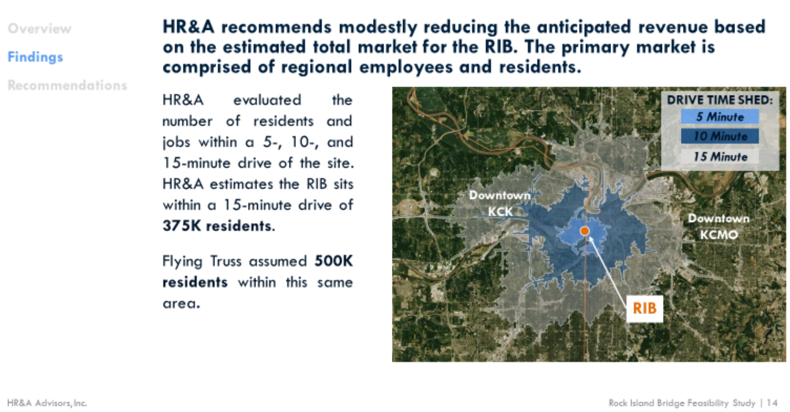




So, we begin by agreeing with the Flying Truss folks that because this is being conceived as a destination, a place where principally families in Kansas City, KS, but overtime, national and maybe international visitors will find and will make part of the Kansas City, KS, visitation experience as the way to think about demand for the product on this bridge is in terms of a capture shed, a population that's likely to use it and then thinking through how many of them will actually come.

So, therefore, the first order of business is saying, what's the market that we should be looking at to figure out how many people will come from that market? We agree with Flying Truss that the appropriate conservative thing to do in the first instance is to look at a local market. Over time, I think the project, if it is realized anything like the way it's been depicted to you tonight, it will attract a broader audience. But, in the first instance, we think we're looking at a local audience.

So, then the question is, how many of that local audience will come, how often, and spend how much money? That is, in fact, the methodology that the Flying Truss folks used is to assume a capture rate. The capture rate that was developed in consultation with a very fine consultant they used and a per person spent. We, as a firm, have moved away from that methodology and think that you can pause at a capture rate and a per person spend, but then it should get checked with conversations with local experts, including people in the same business, national precedence, derive a sales per square foot figure, and then go back and see what your capture rate and per person spend are and to assemble all those data points to arrive at some sort of art more than science consensus point on what the business is likely to look like. In this instance, we arrive at more or less the same point.



In fact, our principal point of difference with the Flying Truss team is how big is the local market. Where we both agreed on a capture shed, we think there are 375,000 people in that geographic area. Flying Truss initially assumed a larger number but agreed that they were fine with us taking the number down to 375,000 residence, the upshot of which is that based on our methodology, which is a refinement of theirs and a cutting of the number of people in the geography in which we think that visitors can be captured in the short term, some modest reductions in their operating number are indicated.

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HR&A lowered projected revenue for food and beverage sales based on an assumed smaller regional population.

Projected Revenue Category	Flying Truss Revenue Projection (2022- 2027)	HR&A Adjusted Revenue Projection (2022- 2027)	Percentage Change from Flying Truss Estimate
Food Trucks & Kiosks	$647K	$517K	-20%
Kitchen Sales	$6.47M	$5.12M	-20%
Alcohol Sales	$9.70M	$7.76M	-20%

KITCHEN AND ALCOHOL. Local restauranters confirmed the visitor-based approach and the underlying sales assumptions. The reduced gross revenue equates to approximately $366 in sales PSF for the kitchens.

FOOD TRUCKS. The food truck audience will be dependent on visitation, and HR&A lowered the revenue assumptions to be on-par with the number of residents and jobs within the surrounding area. Total sales will vary based on days per week of operation. This model assumes 1– 2 days of operations per week.

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We begin by looking at the food and beverage program, which we've written down by about 20%, which is principally a function of the reduction in the number of people assumed to be potential customers.

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HR&A agrees with Flying Truss' assumptions regarding rents and fees; they are on-par with national standards.

Projected Revenue Category	Flying Truss Revenue Projection (2022- 2027)	HR&A Adjusted Revenue Projection (2022- 2027)	Percentage Change from Flying Truss Estimate
Kitchen and Bar Rent	$270K	$270K	0%
Activity Fees	$32K	$32K	0%
Licensing Rights	$70K	$70K	0%
Fiber-Optic Rents	$150K	$150K	0%

RENTS. The kitchen and bar rent LOIs indicate $1K/month for a 9-month operating season, which local restauranteurs confirmed as a reasonable rate and season length. The fiber-optic rent is set at $25K annually.

FEES. Flying Truss intendeds to heavily program the space and charge modest activity fees. Revenue from licensing rights, e.g. the right to use the RIB name and images, is modest.

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Then we reviewed the kitchen and bar rents, activity fees, licensing, rents, and fiber optic rents to which the revenue assumptions to which we made no change because they seemed perfectly sensible and reasonable based on local comps and our conversations with other people in those businesses. In some cases, they're actually rent in place. So, by definition, these are the rents.

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HR&A lowered revenue projections for events and catering to conservatively account for fluctuations in capacity.

Projected Revenue Category	Flying Truss Revenue Projection (2022- 2027)	HR&A Adjusted Revenue Projection (2022- 2027)	Percentage Change from Flying Truss Estimate
Event Space Rent	$8.24M	$7.41M	-10%
Event Space Catering	$8.53M	$7.67M	-10%
Whole Bridge Rental	$250K	$250K	0%
Merchandise	$259K	$218K	-15%

EVENTS. Flying Truss anticipates operating at 75% capacity from March through October. Kansas City events operators suggested that the capacity, season, and rates projected are within the range, but at the high end, of event spaces in the market. HR&A modestly reduced Flying Truss assumptions to assume some reduction in capacity (e.g. a shortened season) and account for the facility's novelty. On the other hand, operators stated that rental of the entire RIB 1-2/year at $25K is conservative.

MERCHANDISE. Flying Truss does not currently have an LOI for a merchandise operator. Merchandise revenue accrues as brand recognition grows.

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With respect to events and the kinds of revenues that are attached to events, we took a fairly modest deduct from these revenues, principally as a function of the fact that we thought the season that Flying Truss was assuming was a bit long and the capacity of which they were proposing to operate in that season was a bit long. On the other hand, there are operators that we talked to that think that more big rentals could be done; the upshot. So, you take our negatives. Some market operators saying maybe they could do a little bit better here. We settled on a 10-15% cut in these operating revenues.

I, personally, am a great skeptic about merchandise until you have an established brand. It's a pretty modest part of the operating revenue and sort of a rounding error on these numbers.

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After taking these cautions into account and reducing annual revenue inflation from 5% to 3%, HR&A estimates the program could gross ~$3.7M annually in its first two years and $5M upon full build out.

Projected Revenue Category	HR&A Adjusted Revenue Projection (2022- 2027)	Percentage Change from Flying Truss Estimate
Food Trucks & Kiosk Vendors	$517,000	-20%
Kitchen and Bar Rent*	$270,000	0%
Kitchen Sales	$5,175,000	-20%
Alcohol Sales	$7,415,000	-20%
Event Space Rent	$7,419,000	-10%
Event Space Catering	$7,673,000	-10%
Whole Bridge Rental	$250,000	0%
Activity Fees	$33,000	0%
Merchandise	$218,000	-15%
Licensing Rights*	$70,000	0%
Fiber-Optic Rents*	$150,000	0%
Total	**$29,043,000**	**-15%**

**Not subject to sales and use tax*

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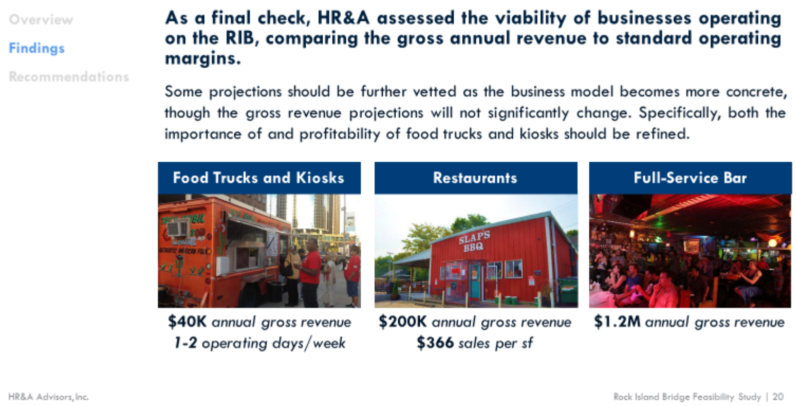
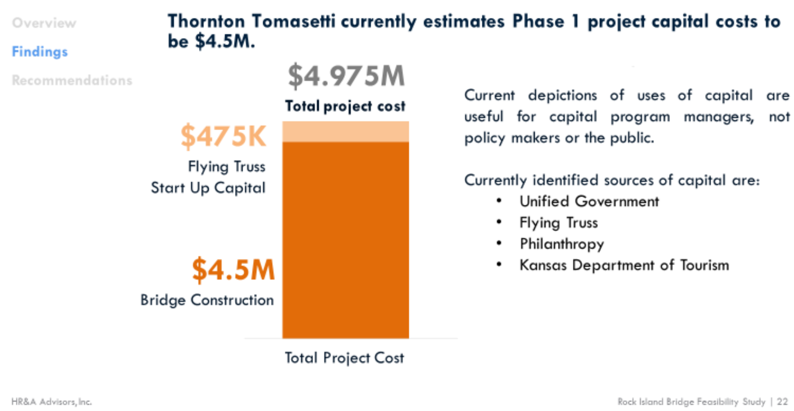
So, the upshot is you line up all the potential sources of revenue that the Flying Truss team has assembled. Over the entire spectrum of these revenues, we're suggesting that a cut of 15% in the assumed gross operating revenue is appropriate. If you assume that that's the right number, or more or less the right number, that suggests that this is a business that could gross a bit less than $4M annually in the first phase and about $5M a year on buildout. Again, a best guess at this point, but we think a reasonable and conservative one.

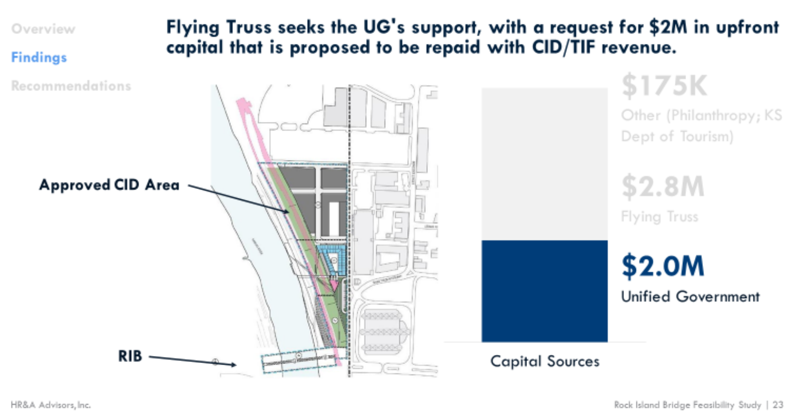


As a final check, Doug and Katherine asked us to think about Flying Truss' tenants. Based on this business plan, do the tenants have a reasonable chance of succeeding? We think, in fact, they do. I think that, as I suggested in the beginning, the openness of the Flying Truss team to the flexibility of the program is terrific. There are some moving pieces here, I think, that may merit some finessing overtime, particularly with respect to the extent to which the food trucks and the kiosks are really an important part of the program; and if they are, there may need to be some moving numbers around there. Right now, we've assumed that the food trucks and kiosks are primarily a weekend presence, and this becomes a really special place on the weekends with a somewhat slower and more family-orientated weekday business. These numbers support that kind of program well.

So, if that's the business plan and that's how it materializes, what's the capacity of this business to pay back the Unified Government its proposed investment?



We begin by reviewing Thornton Thomas Eddy's projected capital costs. They suggested this is about a $4.5M construction project plus some additional startup costs, which Flying Truss is raising. The depictions of this capital costs, I think, this is one of the things that I'll suggest is something that as the partnership advances, needs to get a little bit more transparent about what these numbers are being used for because you will want to start to associate sources and uses of funds, particularly as you talk to the public about this investment.



The proposal is that the Unified Government invest $2M in the almost $5M project and that that be treated as debt, which will be repaid with CID and TIF revenue.

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HR&A estimates that sales tax revenues will repay a $2M UG investment within 10-15 years.

The UG will receive revenue from the sales and use taxes generated on the RIB[1], including 1.94% from the UG portion of the County sales tax and 2% for the Community Improvement District. HR&A estimates the 15-year present value of these two sources to be $2.7M.

Other public benefits will likely be equal to or greater than the cost of restoring the structure and making it suitable for public use.

	2022	2023	2024	2025	2026	2027	Present Value[2]
							$1.8M (10 Years)
Sales and Use Tax	$148K	$152K	$201K	$207K	$214K	$220K	**$2.7M (15 years)**

1 Excludes kitchen and bar rent, licensing rights, and fiber-optic rents, which are not subject to sales taxes
2 Present value estimate assumes 3% inflation and excludes potential bonding costs should the U.G. finance its portion of the capital contribution.

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We believe that sales tax revenues attributable to the program with the business plan that we've described to you will repay a $2M Unified Government investment within 10-15 years. That assumes—that's a present value of a stream of cashflow at a 3% discount rate. It does not include bonding costs, but bonding costs should, nonetheless, put you within that range.

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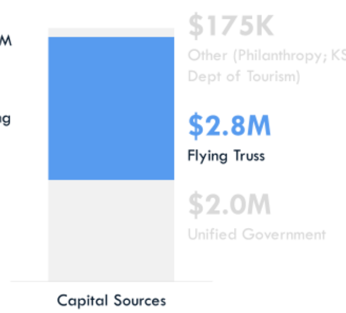
Flying Truss will cover all additional improvement costs.

Once the UG approves the $2M investment, Flying Truss will sell equity to make up the remainder.

Flying Truss will assume risk covering capital costs if:

- Construction costs exceed estimates
- CID/TIF revenues are insufficient to meet the UG's minimum annual payment



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Flying Truss has stated that it will pick up all additional improvement costs so it intends to conduct an equity raise which will raise the additional $2.8M and it said it would assume all risks associated with covering capital costs, including construction costs exceeding the estimate and CID and TIF revenues that are insufficient to meet the bank.

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Flying Truss will service its debt using revenue from the event space and percentage rent from the kitchens and bar.

FLYING TRUSS REVENUE

In addition to being the sole operator of the event space, Flying Truss will receive a share of all sales on the RIB:

- 20% of gross kitchen sales
- 25% of gross alcohol sales
- 10% of event space catering
- 10% of food trucks and kiosks sales

Marginal additional income will come from kitchen and bar base rent, merchandise sales, occasional rental of the entire RIB, activity fees (e.g. shuffleboard, cornhole), licensing rights, and existing rent of the underlying fiber-optic cable.

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In turn, Flying Truss is expecting to generate a return on investment for its investors. That return on investment will come from revenue from the event space and percentage rent from the kitchens and bars. It has laid out a set of percentage rents and a program for renting of the event space which local operators of these kinds of businesses agree is perfectly sensible and very much in line with what the rest of the market is used to. There's some marginal additional income which comes from other kinds of activities.

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Based on these assumptions, Flying Truss will earn a fair return, which informs our opinion of how business terms could be framed.

	2022	2023	2024	2025	2026	2027
Flying Truss Revenue	$1.46M	$1.50M	$2.18M	$2.25M	$2.32M	$2.38M
Flying Truss Expenses	($1.15M)	($1.18M)	($1.31M)	($1.36M)	($1.41M)	($1.46M)
Flying Truss Net Revenue	$309K	$331K	$900K	$938K	$967K	$997K

FLYING TRUSS RETURN ON INVESTMENT

$7.3M *present value of annual revenue over* **10 years**, *or a* **18% IRR**

$11.5M *present value of annual revenue over* **15 years**, *or a* **22% IRR**

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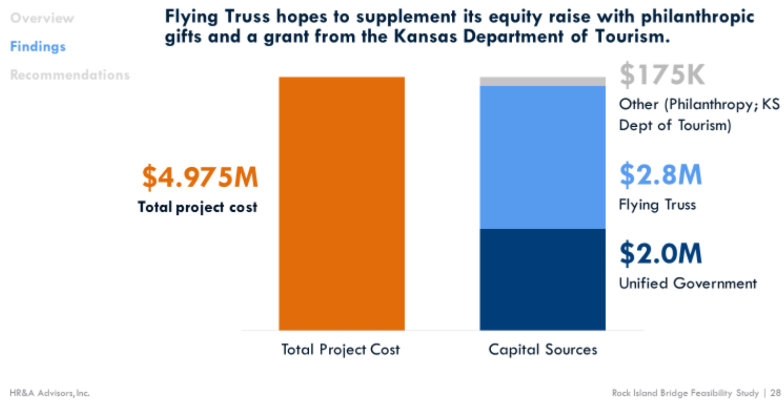
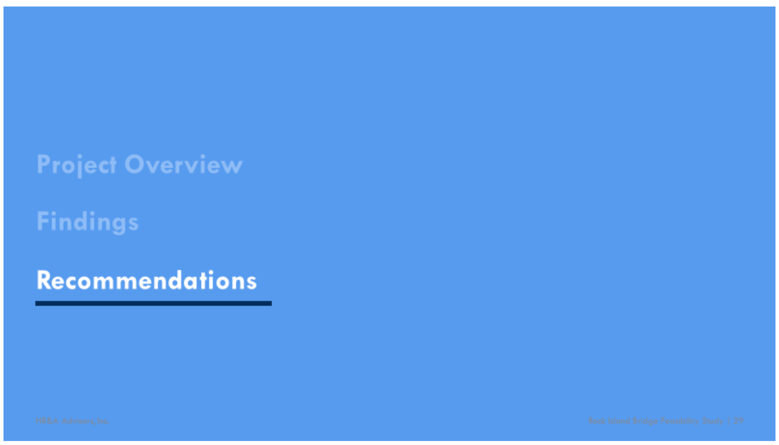
That's a program which generates a healthy return on investment appropriate for a business that will be operating at significant risk for a period of time, but also giving the Flying Truss team the ability to flexibly adjust the program as conditions suggest that they need to and to continue to engage in partnership negotiations with the Unified Government.



Then, there is the hope to supplement the Flying Truss equity raised and the Unified Government debt with some modest sources of rent from some other sources.

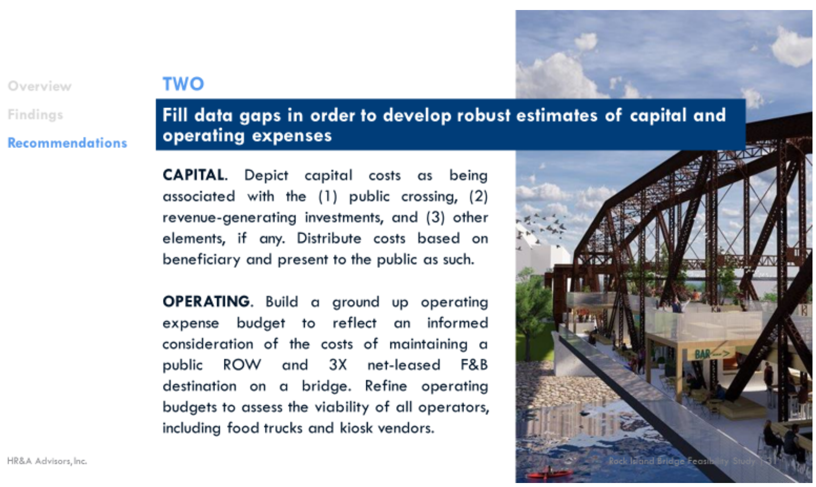


So, again, we believe this is a project that has a real shot at creating a very, very special place that will operate successfully on a market basis after it pays back its public debt, which allows it to invest in the underlying infrastructure which permits the program to be successful.

There are three suggestions that we've made that we think makes that judgement that much more plausible.

The first, as I said, is that the design needs to continue to be monitored for ensuring that it meets both the public objectives and is most efficient in generating the private return. The partnership succeeds if both Flying Truss and the Unified Government are happy, and the design needs to accommodate collective happiness.

The initial conversations have been terrific. The partnership needs to continue advancing that kind of design with you.



Second. As I suggested a few moments ago, the presentation of capital costs doesn't currently allow a cross walking between sources of funds and uses of funds. Acknowledging that there are going to be investments that will have benefit to both the private sector and the public sector, I, nonetheless, think that it's advisable that you have a presentation that allows all of you to tell the public that public dollars are being used to support public uses.

On the operating side, the numbers that have been presented are consistent with what the kinds of tenants that the Flying Truss team has suggested they want to attract are used to seeing, but continued attention to what that operating budget looks like on a line by line item and vetting it against other kinds of similar activities in the region, as we think we're doing, which may result in some rethinking, particularly about how the food trucks and kiosk vendors get managed.

Finally, that allows you to develop an operating agreement that records your objectives and your expectations and acknowledges the risk that the Flying Truss team are taking in order to try and deliver what, I think, will be a very special project for the region.

I would say that as with the design and the refinement of numbers, both of which the Flying Truss team has been extraordinarily responsive to the conversations that we've had with them, we've begun to talk through what this operating agreement or ground lease might look like. I think that the two teams are in very substantial accord where the one item that remains open is a conversation about a reasonable rent which should be paid by Flying Truss to the Unified Government.

That's that. I look forward to your questions.

November 2, 2020

Chairman Burroughs asked, Committee, questions? I see no hands from the committee. Clerk, do we have community comments? **Ms. Godsil** said no public comments received.

Chairman Burroughs said, Committee, this was for information purposes only. Katherine and Mike, thank you for the overview. Candance, thank you for the breakdown within the overall study. It will be something for this committee to contemplate. As we move forward, your comments and concerns should be addressed by this committee for consideration of the commission. I sincerely appreciate that.

Chairman Burroughs said I did take one comment away that I would ask. You had made a comment that this was a high-risk proposal somewhere in your presentation. That's what I heard. Candance, could you address that just one more time, please? **Ms. Damon** said I surely don't mean to suggest that you're all jumping off of a building together. But, public/private partnerships, by definition, are projects that are exciting, precedence-ending groundbreaking, pick your cliché, and that the conventional market wouldn't invest in.

So, I came on at the beginning of this meeting and heard some of the conversation that you guys are having about other economic development projects that you're considering right now, and the presentation Katherine was making about another investment you're making in another part of Kansas City where the private market won't finance retail post-COVID and probably won't for some considerable period of time.

The High Line was high-risk. Brooklyn Bridge Park was high-risk. Central Park was high-risk. You wouldn't need the partnership if banks wanted to finance this kind of activity. So, again, I think it has a very good shot at succeeding because you have a very good team and that you're proposing to partner with because this is a part of the city that appears transitional and headed for success, and because the program has been well designed. But, there's no guarantee.

Chairman Burroughs said, Candance, thank you for that. I do know that there's a lot of passion and commitment within this project. Mr. Zeller has expressed a tremendous amount of passion in meeting some of the community objectives and has been really receptive to some of the proposals that have come forward from commissioners as well as others in reference to the bridge and the bridge design.

As we stated, this was for information purposes only. I would encourage my colleagues possibly to look at the riverfront development that happened in Wichita, KS. It's in our local region. It's a 2.5-hour drive. Go down and look at the riverfront that was developed down there. There's no reason why we couldn't have the same opportunity here in Wyandotte County. It would partnership with the Corps and the Unified Government and the private investors that we have. That's the trifecta folks and we just want to do it right. Our community deserves that.

Mr. Zeller, I sincerely appreciate your passion and moving this project forward. We just want to see a successful project and I know you do too. Whatever we can do as this project moves forward to provide information and/or support, please keep us advised as we move forward. Tonight was a great opportunity for the public to hear your design and hear from the firm that looked at the feasibility study to give us some guidance moving forward.

Commissioner Johnson said one of the risks that I suppose you could look at is the ability to raise the $2.8M in this type of environment. I don't know over what period of time that is being proposed to being raised, but relative to the economy and all the things that we're dealing with in our world today and our nation, the ability—$2.8M is not a lot of money. But for the volatility that I think that we have somewhat in our economy and also in the stock market in general, what—and I'll propose this to Mr. Zeller and also to Candance, your perceptions of the ability to raise the $2.8M in this environment?

Mr. Zeller said we're very confident that with a solid partnership with the Unified Government and the blessing of independent evaluators with HR&A that we can sell equity to raise those funds needed. This is a project that a lot of folks know about, a lot of prominent Kansas City families that would like to get their money back, earn a reasonable profit, and also be a part of creating a landmark for the metropolitan area. It's got a lot of excitement behind it that we can raise that money; very confident.

Ms. Damon said I completely agree. I don't think $2.8M is a lot of money. I think there's a lot of capital sitting around looking for projects all over the country. My impression is that that money locally in Kansas City, KS, has not been pushed to invest as much as it might in the community, and this is a great opportunity.

Now, from a public/private partnership perspective, I would suggest that the operating agreement that you enter into certainly has to tie your commitment of the $2M to their commitment of the $2.8M plus the risk. As we move forward with talking about agreements, guarantees are always a tricky part of negotiating these agreements. I don't think it will be hard to raise $2.8M for this project.

Commissioner Johnson said that's the kind of language that makes me sleep well at nighttime so thank you, Candance.

Michael Laddin, Partner, said in our initial 4 As and talking with people in the equity market who would invest in a project like this, we have received nothing but positive reviews and strong interests.

Chairman Burroughs said Commissioner Johnson brought up a fine point in reference to, these are very trying times and our budget is being challenged. These are concerns that we, as commissioners, take to heart when it's our public dollars that go in to fund projects like this. It's that return on investment, whether it be the reputation risk or the project risk, it is still risk. By the time we get through dissecting this information that comes forward and seeing the design, I anticipate that this will be a very nice project moving forward for everyone involved. I sincerely appreciate the opportunity tonight to have this discussion and the presentation. Katherine, thank you. Mike, thank you. Candance, we appreciate the overview.

Chairman Burroughs asked, Clerk, is there anybody from the public that wishes to make a statement or a comment? **Ms. Godsil** said no public comments were received. **Chairman Burroughs** asked, committee, any other comments from the members themselves?

Ms. Carttar said, Commissioner Burroughs, actually, before you do that, I have one request. Now that we've kind of heard the update, have quite a bit more information as Candance really laid out very clearly and distinctly kind of here are the things that we need to look at, especially kind of the next steps, I would request while not a formal kind of direction or approval, there's nothing necessarily to vote on, but just from this committee, kind of the go-ahead for us to move forward with the negotiating of that operating agreement and term sheet.

Chairman Burroughs said, Katherine, I'd ask Legal to give me some guidance here. I don't believe it was the committee's option tonight to make a decision. I think it was just for information purposes only. I know that information is out there, but I would anticipate that these talks are ongoing, and the negotiation is ongoing. I don't know if it would be premature for us to take any action this evening not knowing the terms of the agreement, so I would ask—**Ms. Carttar** said no, yes, sorry. I just mean kind of a yes, kind of keep going, keep negotiating, move forward kind of direction from you all. Then we would come back, certainly, with a term sheet and operating agreement at a future meeting.

Patrick Waters, Senior Counsel, said, Mr. Chairman, you don't have to have a formal vote, but if the commissioners want to speak up and just give us a sense of the committee as something that we've done in the past just to make sure that staff is on the right path if the commissioners want to talk about that.

Commissioner Johnson said I certainly would say progress, move on. I like the language that Candance has proposed relative to the raising of the money and tying that into the public dollars. With that in mind, I would say move forward.

Chairman Burroughs said, committee members. We have one. **Commissioner McKiernan** said agree. **Chairman Burroughs** said we have two. **Commissioner Bynum** asked, is it kind of a straw poll type taking our temperature? Is that what we're doing? **Chairman Burroughs** said, Commissioner Bynum, I appreciate that statement. It almost sounds like we are taking some action and I'm concerned about that. I have no problem with giving our blessing for things moving forward. I mean that's part of the negotiation process the designers will be bringing forward. We heard this presentation this evening, but it wasn't supposed to be where the committee was to take action this evening. It was for information purposes only. I think we've heard from committee members as what they like about the project, what they asked questions about. I'm just concerned that if we do take action that it may send the wrong message publicly the fact that this was not a meeting to take action, Katherine.

Mr. Waters said it's completely up to each commissioner if you want to comment. If you don't, we can just leave it as it is.

Chairman Burroughs said if there's no other comments, okay. We'll move on. Gentlemen, ladies, thank you for your comments and questions this evening. Candance, best to you and your staff, and thank you for the presentation you made this evening.

Action: For information only.

Item No. 4 – 20494…RESOLUTION: AMENDED DEVELOPMENT AGREEMENT FOR HOMEFIELD PROJECT

Synopsis: A resolution adopting assignment, assumption and amended and restated development agreement for the Homefield Project, submitted by Katherine Carttar, Director of Economic Development. It is requested that this item be fast tracked to the November 5, 2020 full commission meeting.

Chairman Burroughs said I'll note that staff is requesting that this item be moved to Thursday's full commission meeting. Katherine, I believe you'll be making the presentation this evening and we do have guests that will be joining us. This is an action item so we will take action once we hear the presentation.

Item No. 4 Resolution: Homefield Project Amended Development Agreement	A resolution to approve the Amended Development Agreement for the Homefield project, a multi-phase attraction and retail STAR bond project centered on a major multi-sport athletic complex, performance center, and youth baseball complex.

Katherine Carttar, Director of Economic Development, said this has been—there is a request to fast track this. This is a—we'll be going over in much greater depth the development agreement tonight. We've come before you before, I think twice now, to discuss kind of the term sheet and as that has been—it's a complexed project so there's been a variety of iterations so we really took that final term sheet that was presented to this committee and turned it into a 100 plus page development agreement. No small feats there.

But we had previously come forward with the project plan. This does hit a number of different projects areas in the STAR district there. That will be heard already. There's a public hearing on Thursday at the full commission meeting, so we would request that this resolution to approve the development agreement would also be heard at the same time as the project plan on Thursday.

I will, actually, I'm really kind of teeing this up for a couple of different presenters tonight. First, I'm going to turn it over to Robb Heineman with Homefield. He's going to explain kind of the greater—this project keeps getting, I think, better and better. So, even from the last time that he was presenting to this group, I think we have even more information and more project and more detail. I will have first Robb go through that and then we will kind of turn over to kind of the more kind of nitty-gritty of the terms and the financing side. With that, Robb.

Robb Heineman, Homefield, said as Katherine said, we're very excited about this project. I think I'd like to just preference this by saying this is the third time that I've done a STAR bond project in Wyandotte County. I think the thoroughness with which kind of staff, Katherine, Doug, and staff have gone through this has been great. They've been fantastic to work with. We've been heavily involved, obviously, Mr. LaSala and the state. I think we've been really pleased with how the project has gone and the progress that we've made, even in the midst of COVID and so thank you just to start out saying that.

We're excited about this project. Obviously, I think we're all aware with kind of the former Schlitterbahn and where it is and some of the past things that have happened out there. We're excited that we can give what we believe is a wonderful piece of ground, kind of a new face and really give it the potential to show itself the way that we believe it can.

So, what we're doing here is acquiring approximately 230 acres from the Henry family, the former Schlitterbahn owner. You can see that represented throughout this site plan with most of these kinds of colored and numbered locations. There are some sites that are up in the auto lot. There's a couple of sites that are up by the Sporting Compass Mineral Center, and then obviously there's parcels that include the former Schlitterbahn and kind of the adjacencies as well.

As part of this deal, we also would be acquiring land from the Unified Government. That's represented over to the right side in kind of 10 and 3. It's what we refer to as kind of the former spear property. Our intention here would be to develop this entire property over the course of time. The thing that I can tell you is while it's probably a $400M+ project over time and probably has the ability to even grow from there, the thing that we've just been thrilled about is how frothy Phase One of this project is.

We always knew that the Homefield component—I'll come back and give you a little bit of a description of that—we always knew that that would be a good catalyst, but the momentum that we've gotten from retail, from hotels, from additional auto dealers, from things like luxury RV parks, grocery, has been really exciting for us. So, I think the first phase of this project should be somewhere in the neighborhood of $150M of development as part of Phase One.

Assuming that we're able to go through on Thursday, I think we would start demolition in earnest out on this site and our intention would be that the primary Homefield components would start opening up in kind of late spring, early summer of 2022. Assuming that the financing markets can hold, I believe that hotel, auto dealer, retail, some of the things that we have lined up, I think we'll have many, many grand openings kind of following us. So, I think 2022 will be a really exciting year out here.

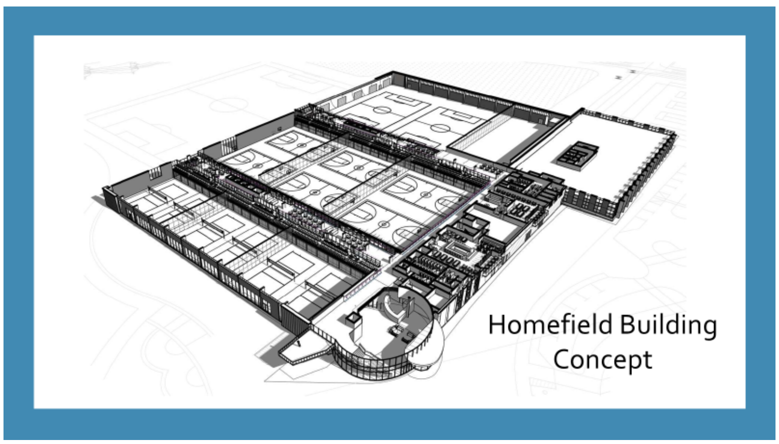
I guess I failed to mention, we have multi-family committed out here as well in kind of that location #9. Approximately 300 units that will come on in that same amount of time. So, a really vibrant, mixed-use project.

What Homefield is, is those of you who may know me and my background, I've been involved in professional sports for about 20 years now. As an owner in Sporting Kansas City and my family actually growing up, I was involved in both minor league basketball and baseball and so have a lot of interest and experience in sports.

One of the things that's quite amazing is the youth sports industry is a $20B industry in this country. It's growing to likely a $50B industry within the next five years. But it's fundamentally operated and typically very substandard locations. Lots of moms-and-pop type locations, butler buildings. Places that, for the most part, it's the kids get by training and playing there and the guests, whether they're parents, grandparents, brothers, sisters, whatever, most times are left stuck in the car on their phones just waiting for practice to end because the accommodations and the facilities just typically aren't great.

Having been around professional sports, and I think we've been very successful in Children's Mercy Park and around Sporting and creating very high-end guest and player experiences, we said what if we took what we learned in that and applied it to fit youth sports? So, that's really what Homefield is about.

If I could give you sort of an analogy in the world today, I'm sure some of you have been to Topgolf. If you think about what Topgolf did, they basically took a $10 bucket of balls and put it in a beautiful building with good technology, good data capture, good entertainment, food and beverage and have turned that into kind of a multi-billion dollar enterprise. We believe that we can do that with Homefield with this really being our flagship location in the United States.



What Homefield will be is a multi-sport campus that will respond to both turf and hard courts sports: volleyball, basketball, soccer, lacrosse, 7v7 football, but also e-sports which is really an emerging sport in this country and really take all of that and try to create a very pro-player and pro-experience for the guests, for everybody that comes in. So, if you're a player here, you don't have to be an elite player. This will be open to all types of players, but we will give you kind of the opportunity to be the best athlete you can be whether that is in how you play, how you develop, how you train, how your health and wellness, nutrition, recovery, physical therapy, all those sorts of aspects will be available in Homefield.

You can see kind of this cut section here that we're showing. It's about a 250,000 sq. ft. building. Again, what we have inside of this building is multi-sports so you'll have boys and girls and young adults that will be participating in games, tournaments, leagues, and practices on a daily basis. This is a building that we believe will have upwards of probably a million annual visitors.

Frankly, I think that's a conservative number. I think if we do the right things, we can far exceed that number. But that will really anchor the campus with this building.

In addition to that, we did want to do some other things on the outdoor of this. So, if you go kind of back to the site plan, you can see that we're building something out here that's known as a crystal lagoon. That's number 4. What crystal lagoon is, if you're familiar with them, I would encourage you to go online and look it up if you're not. It's basically a man-made lagoon where it's got a very special kind of filtration system that allows the water to be crystal clear, very clean and allows us to do all sorts of things inside of that lagoon whether it's watersports

like kayaking or whatever it might be, but also build beach bars and wedding pavilions. We will have a white sand beach around this. You'll feel as though you're very much anywhere other than in the middle of the prairie in Kansas, frankly. I mean it will be—we think a real, kind of ironic and great environment for people to hang out. So, we're encouraged by what we're doing there as well.

Homefield Baseball Concept

One of the things that we thought was important too was to make an investment in baseball. So, baseball, which is very large in our area, it has the capability to draw tournaments from very long distances. So, we are going to use the former spear property and build a very high-end baseball complex that will be probably very different from the ones that you've seen in and around the area where these will all be turf fields, they'll all be lighted. These will all focus pretty heavily on analytics and everything that you see involved in baseball today. All games will have the capability of being broadcast within this venue. This would be the sort of thing if a player comes to not only will they be able to play in a tournament and have a great time, but all their analytics will be analyzed as well, which is a growing trend in the industry. So, we're excited about that.

One of the things, obviously, that's important in STAR bonds is revenues, sales tax revenue. We're encouraged by the fact that we have a number of kinds of major auto and destination retailers that have signed up to come on site. These are agreements that we have in kind of a letter of intent form and feel like we'll have them in final execution, sort of following what we're kind of doing here over the course of the next week. So, we're very encouraged with what's going on with this project.

We believe it will create somewhere in the neighborhood of 3,000 construction jobs. It should have somewhere in the neighborhood of 1,200 permanent employees when we're open and going. It's the sort of thing that we believe will generate somewhere in the neighborhood of $300M of kind of annual spending, with a good portion of that being captured here with the UG and obviously inside the state of Kansas.

This is a project—having been involved in Children's Mercy Park and the US Soccer Compass Center out here, I think I'm as or more excited about this project than either of those two. I just think that the trend of sports tourism, and even in a COVID world what that's going to represent, gives us the ability to create a very unique amateur sports resort, frankly, that I think will be an investment that all of us can enjoy and build on over a long period of time.

Again, like I said, I think we can take a blighted area in Schlitterbahn and turn it into a bright shining light out here in Wyandotte County and we're thrilled with it. So, it's something that we've been planning for a long time. COVID has probably given us the opportunity to refine some of our plans, and we're excited to be moving forward and very committed to getting to work right away and delivering another wonderful project for Wyandotte County.

Ms. Carttar said thank you very much, Robb. That was a great overview. You all can see kind of how, as Robb mentioned, the entire plan has just continued to mature and really take on a really exciting direction that we think is very viable. With that, I will now turn it over to Todd LaSala, with Stinson. He is our partner, a Unified Government partner in this whole process of negotiating all these terms. He is going to walk us through a few slides here.

Todd LaSala, Stinson, said I will try and, as Katherine mentioned, this is a very long, very complicated development agreement. I will try to walk you through it at a relatively high level but hit all the pretty significant points. Please let me know if you've got questions.

Homefield Development Agreement Terms

- Developer is HFS KCK, LLC -- a new single purpose entity who will buy out SVV (Schlitterbahn) and step into SVV's shoes on the Development Agreement we're amending now
- Developer will demolish the Schlitterbahn Waterpark and build the $90M Homefield Project, which is:
  - The Homefield Building: a $60M, 150,000 s.f. multi-sport building
  - Homefield Outdoor: a $15M multi-sport venue for outdoor sports
  - Homefield Baseball: a $15M baseball complex with 5 outdoor, lighted turf fields

This slide basically tells you the core of this deal. Homefield and Robb's team, they're buying out Schlitterbahn. You all know the history about Schlitterbahn. They're buying the property and they're going to take an assignment of the development agreement that we've had with Schlitterbahn for years.

So, the document that's before you and would come to Commission is technically an assignment, an assumption, and amendment, and a restatement of that Schlitterbahn development agreement. We're going to bring that forward and make a bunch of changes. It really ends your relationship with Schlitterbahn.

As Robb mentions, there are multiple components of the project. The core Homefield project is described here and again on this slide. I won't go into this in detail. Robb did this much better than I could. Although this slide also articulates the expected costs of those various components that Homefield will build, showing effectively $90M of investment in Homefield.

The executive summary also talks about how in terms of what they're required to deliver. It's really only this Homefield component, but as Robb mentions, they have a lot of other third-party development they're going to do with retailers and destinations. That's critically important to the success of their project because it's the revenues from those other projects that will ultimately fund the STAR bonds and make the project go. So, very important. They'll have a lot of incentive to deliver, not just Homefield, as great as it is, also deliver additional retail.

Homefield Development Agreement Terms

Timing

- Developer will commence construction on all 3 components by July 1, 2021
- Developer will complete construction of Homefield Baseball by September 1, 2022
- Developer will complete construction of Homefield Building and Homefield Outdoor by October 1, 2022

The UG will sell about 71.5 acres of UG land to Developer for $3M -- money to be used to repay 2015 STAR Bonds

Robb touched on the timing as well. They're going to commence pretty much straightaway. They're required to commence by July of '21. I think they expect to complete Homefield earlier, but those deadlines you see are in the fall of '22 to make sure that they have plenty of time in case some things slow down.

In addition to buying all of the Schlitterbahn land, the UG will also sell about 71 acres of UG property to Homefield. Some of its that spear property that Robb was talking about where he showed the baseball fields. There's a couple of other sites that are described. We're going to receive $3M in exchange for the sale of those properties. Now that $3M is pretty important. It will be pledged to repay the 2015 STAR bonds that were previously issued when this project was Schlitterbahn. There are existing bonds that are out there, and this project will really help solidify those bonds and make sure that those bonds don't default. A part of that is our agreement with the Department of Commerce and the state that we would take this $3M of money that we're receiving and we're going to use that to pre-pay 2015 STAR bonds.

Homefield Development Agreement Terms

STAR Bond Financing - $130M of new STAR Bonds to be paid with revenues from Project Areas 2B, 3 & 5

- First Issuance: $75M; Developer has "private capital" requirements for $75M of private money to maintain 50/50 ratio
- Second Issuance: $55M; Developer has higher "private capital requirements" for additional $118.5M to $125M of additional private investment (a 60/40 ratio)
- Menards Sales Tax Revenue Sharing
  - Until June 30, 2021 -- NO access to Menards revenues to pay new STAR Bonds
  - July 1, 2021 through life of bonds -- 100% of UG portion of Menards revenues
  - State: July 1, 2021 until the later of (a) July 1, 2022, or (b) completion and opening of Homefield -- 25% to pay new STAR Bonds; 75% to pay 2015B bonds
  - State: After (a) July 1, 2022, or (b) completion and opening of Homefield – 75% to pay new STAR Bonds; 25% to pay 201B bonds
  - State: Thereafter, Developer can go from 75% to 80% of Menards revenues if their Projects generate at least $40M in new retail sales (with $20M in Project Area 2A)

This slide really—there's a lot of words here, but this is really articulating what the financing looks like. This is a STAR bond project, so it's driven by sales tax. That, of course, means that the Unified Government will keep all of the property taxes that are generated out there, and that's a pretty significant number over time. The STAR bond financing is essentially a maximum of $130M of new STAR bonds that would be issued. It's really broken into two different issuances that are expected.

The first issuance connected to the first phase that Robb was talking about is $75M of STAR bonds, but Robb mentioned $150M project. That's because in companion with the $75M in STAR bonds, they are required to produce $75M of private capital, private money as well. So, in this first phase of the project, that $150M phase, we're looking for a 50/50 public to private ratio and balance as we complete that first phase.

The second issuance could be as much as $55M in STAR bonds, but that phase has higher private investment, private capital requirements. We're expecting somewhere between $118-$125M of additional private investment if we ultimately issue $55M in this second issuance of STAR bonds. That would generate ultimately a 60/40 private to public ratio; 60% private investment, 40% public.

This slide also articulates the sharing of Menards' sales taxes. What's interesting about this project and part of what makes it work, is that there is an existing revenue stream out there in Project Area 3 in this STAR bond district right now. However, there were detailed negotiations between the parties about how that revenue stream is to be shared over the 20-year life of these STAR bonds. I'll touch on this pretty briefly, but importantly, until June 30, 2021, both of the municipal partners, the city and the state, retain all of the STAR bond revenues from Menards. During COVID, this kind of critical budget crunch, that money stays with the two public partners.

From July 1st of '21, through the life of the bonds, the UG is statutorily required at that point to put 100% of the UG portions in. Everything after this is really about how the state component, the state portion of the Menards' sales taxes are shared between the 2015 STAR bonds and the developer.

We start with the notion July 1, 2022, or completion of the opening of Homefield, where the developer—and their new bonds have access to 25% of the Menards' revenue while 75% of that is pledged to the 2015-B STAR bonds. This is critically important for us because it really helps make sure that the 2015 Bonds stay secure and not in default. After that, once Homefield is opened, those percentages flip and it's 75% is available to the developer's new STAR bonds and 25% to the 2015-B bonds. Thereafter, there is an opportunity for the developer to increase their percentage of access to the Menards' sales tax revenue based on delivery of at least $40M in new retail sales out there, with $20M of that in Project Area 2A.

So, that's really how the money is shared. What's really important about this from our perspective is that your finance team was with us every step of the way as we negotiated this to make sure that this money was carved up in a way that we would feel absolutely secure that the 2015-B bonds were safe and not at risk of default.

Homefield Development Agreement Terms

Other Incentives

- Community Improvement Districts: Terminate existing 2% sales tax CID on Project Area 1; one or more new sales tax CIDs to come back to Commission for approval – No bonds
- IRBs: Abatement of sales tax on construction materials; Ad valorem tax abatement for Homefield Project -- a "certainty IRB" with PILOT schedule on Exhibit 18

The other incentives that are in play are CID and IRBs. The CIDs, there's an existing CID out there right now around Project Area 1 where the waterpark was. The plan is to terminate that CID and have the developer come back with one or more additional new CIDs that we'd put in place instead. Those would come back to you, the Commission, ultimately to decide on an ad hoc one-off basis. The program there is that those would not be a part of the bonding. Those would be pay-as-you-go CIDs.

For industrial revenue bonds, we're agreeing that we'll abate the sales tax on construction materials for the Homefield project. We are also agreeing in advance for an ad valorem tax abatement, a property tax abatement on the Homefield project itself. This is fairly characterized as a certainty IRB where you're not really planning to discount and give tax abatement per se as much as we are locking in a property tax PILOT, where for 10 years, the developer and the UG knows exactly what the property taxes will be for the Homefield project. That schedule is attached as Exhibit 18 to the development agreement.

Homefield Development Agreement Terms

Donations/Investments

- Developer will cause the $375,000 owed by SVV in arrears
- Developer will not continue Donations
- But in lieu of Donations, Developer will make $3.75M in investments in downtown core and urban areas within 3 years

An element, I mentioned earlier that this is really an amendment or statement of the Schlitterbahn development agreement. Commissioners, you'll probably each recall that a component of the Schlitterbahn deal was that that developer was making—that SVV was making annual donations that were eventually carved up and invested in different parts of the community over the years. For the last two years, SVV has failed to make those payments to us. We've sent letters and tried to collect but it's not been possible to get it. One of the things this developer comments to is that at their closing with SVV, they will get the $375,000 that is owed to the UG from SVV. They're going to get that and make sure that we receive it in connection with closing. They contractually commit to that.

The developer does not plan to make—continue the donation program, per se. But in lieu of the donations, the developer is making a commitment to invest $3.75M in investments in our downtown core and urban areas, and they commit to do so within three years.

Homefield Development Agreement Terms

LBE/MBE/WBE

- Construction: LBE - 18%; MBE - 15%; WBE -- 7%
  - $130 million captured by LBE/MBE/WBE firms during construction
- Prof. Services: LBE - 18%; MBE - 13%; WBE -- 8%
- Penalty: 4% reduction in STAR Bonds

This slide shows our LBE/MBE/WBE requirements. These are very consistent with what you've been seeing in other development agreements for us. This slide also articulates the penalty if they fail to use best efforts—demonstrate best efforts in hitting these goals. That penalty is a 4% reduction in the STAR bond proceeds that could be available. Given the size of this project and the numbers we're talking about, that's a significant penalty.

Homefield Development Agreement Terms

Community Benefits

- Active dues-paying membership in Chamber and WYEDC
- HQ in Wyandotte County
- 20% discount on admissions for WYCO residents
- Agreement with local school districts
- 500 tickets annually for Parks and Recreation
- Out of Town Tournaments and required promotion of WYCO hotels
- $3 million direct land payment to paydown existing STAR bonds

This slide shows community benefits. As we tend to do with big projects, STAR bond projects, we've asked this developer for a number of things. In addition to being dues paying members in the Chamber and YEDC, we've asked, and they have agreed, to have their headquarters in Wyandotte County, to offer 20% discounts to Wyandotte County residents. They're going to make an agreement—they're going to use best efforts to make an agreement with the local school districts for students of the local school districts to come and train in off-peak times. They're willing to donate 500 tickets annually to our Parks & Recs Department, and they're going to make an effort to bring out-of-town tournaments and try to get the participates in those tournaments to stay in Wyandotte County hotels; the $3M of direct land payment to the existing STAR bonds, which I think we previously mentioned.

Katherine, I'll stop there. Obviously, I'm happy to answer any questions, but I think that's a summary of the high-level points. **Ms. Carttar** said great. Thank you so much, Todd.

Ms. Carttar said Todd has really gone through everything that would be in the actual contractual agreement. So, all of these community benefits you see right here are in the agreement would be contractual.

Homefield Development

Economic Impact

- $400+ million of total development
  - $130 million captured by LBE/MBE/WBE firms during construction
- $150+ million of development in Phase I (core Homefield development)
- 3,052 direct and indirect construction-phase jobs.
- 1,251 direct and indirect on-going operational-phase jobs.

I am going to just go over just very briefly some things that have already been mentioned, but kind of put maybe a finer point on them in terms of looking at the kind of overall economic impact of this project. So, as we've discussed, this project has—it's anticipated over $400M in total development when all is said and done. $150M of that is solely the first phase, that core Homefield development project. When we're looking at just the amount of construction that would be going on and those LBE/MBE/WBE goals that Todd referenced, we're looking at up to $130M that could be captured by our LMW firms starting construction, which is pretty significant.

Additionally, over 3,000 jobs during the construction phase. About 1,200 jobs would be on-going during the operational phase of the project.

Homefield Development

Economic Impact

- 2.79 million annual visitors
- 1.35 million annual out-of-state visitors spending a total of $309 million:
  - $108 million to $124 million of which will be captured by the District;
  - The remaining $185 million to $201 million will be captured off-site by businesses throughout the Kansas City MSA;
  - Kansas is estimated to capture $123 million to $133 million of these "outside" annual expenditures;
  - Wyandotte County is estimated to capture $63 million to $68 million of the same.

I'm really looking at the entirety of the area, about 2.8 million annual visitors, but the really exciting piece of this is that a good chunk of those really are catering to our local—as Robb mentioned, the Homefield, the training center, and the lagoon and all of that open and encouraging all of our KCK and kind of metro area folks to go visit that. But, also would be bringing in folks from out-of-state. They would be staying in hotels, eating out, spending money and so this kind of shows you just generally the idea of when everything is built out really be a type of spend that we're talking about, which is pretty significant and really makes this project go.

Homefield Development

Economic Impact

- Total property tax revenue at buildout is $3.9 million annually
- Sales tax revenue at buildout (Dedicated Sales Tax Fund & EMS Fund) is $150,000 annually

Then, finally, when we're kind of looking at buildout, what is that total property tax. Todd made it very clear that while the sales tax is, of course, part of the STAR bond project, even with an IRB and that kind of that certainty IRB, really what that does is it just locks in here's the fee, what would be 100% of your property tax. But you know exactly the number and can plan on that for 10 years. We know exactly the number and can plan on that for 10 years, etc. So, for the entirety of that buildout, we are looking—it's a significant number. I mean it's about $4M annually. About $2.1M would go to the school districts and community colleges with $1.8 coming to the UG every year.

Additionally, we do have the dedicated sales tax fund and the EMS funds. Those are not included when you do any kind of STAR kind of sales tax abatement or redirection. We would still be retaining that and that would be about $150,000 annually.

Item No. 4 Resolution: Homefield Project Amended Development Agreement	A resolution to approve the Amended Development Agreement for the Homefield project, a multi-phase attraction and retail STAR bond project centered on a major multi-sport athletic complex, performance center, and youth baseball complex.

So, with that, I'll open it up for questions.

BPU Board Member Bryant said, Katherine, I sent you some questions last week. I don't know if you've had a chance to go through them. I'll just go ahead and see if you can answer some of them. First off, what's the average sale value of one acre of land in the Village West area? **Ms. Carttar** said I do not know that off the top of my head, but I can certainly find out. **BPU Board Member Bryant** said okay because at the amount, the $3M for 71, that's about $42,000 per acre that they're paying, just a little under.

My other questions, most of them revolve around the apartment and the hotel area as well as the RV park. So, where will the transient tax be going for that? **Ms. Carttar** said the transient tax would be included. That's basically another type of sales tax in that respect, so it would be included in the STAR redirection.

BPU Board Member Bryant said at the beginning of the presentation, they showed a total of $90M for the three components: $60, $15, and $15. So, where does the other $60M of that $150M come from? **Ms. Carttar** said so the $90 is actually specific to the amount of STAR bonds that would be included in that project. Todd, you want to take that?

Mr. LaSala said about $75M of STAR bonds. There's another—the difference between $75 and $90 is going to be covered privately, at least in the short-term. I think the developer hopes to recoup the rest of that in that second issuance. But beyond that, there's a bunch of private investment that Robb was talking about where they have LOIs, apartments, destination, retail. There is other private development that's coming online that makes up the rest of that $150M.

BPU Board Member Bryant asked, of the first issuance? **Mr. LaSala** said that's correct.

BPU Board Member Bryant said I guess that, for the most part—we're not concerned—I don't know how much that lagoon cost, but I'm picturing that it would be of use about four months out of the year. **Mr. Heineman** said actually it's got a much longer kind of usage, horizon. So, part of the lagoon will have the capability of being bubbled in the winter so it will actually be a 12-month in certain portions. We will have various heating opportunities in portions of the lagoon. Then, we'll be building amenities all around the shore. So, even if the water is too cold, we still see people doing bonfires on the beach, hanging near maybe the sports bar or the hotel beach, do outdoor activities. We do believe that it's got a much, kind of longer useful life on an annual basis than just sort of the four-months a year that you can swim in it.

BPU Board Member Bryant said I think that covers the ones that I had. **Chairman Burroughs** said thank you, Mr. Bryant. You're always free to come back and ask additional questions. Committee, please bear with me. I'm trying to remember the order of these names, but I believe Commissioner Bynum, you were next.

Commissioner Bynum said I am happy to actually defer since this is Commissioner Walters' district. I'm more than happy to toss this ball over into his court. My questions are technical, and

I just want to make sure I'm understanding the project. So, if that's all right with you, I'd let Commissioner Walters go.

Chairman Burroughs said that's fine. Thank you.

Commissioner Walters said, Chair, I have a couple of questions for Katherine. I was looking specifically at the baseball parcel. So we are selling that, but we're assuming the responsibility of paying off the STAR bonds for the 2015 issuance of STAR bonds? Why did you construct a deal so that we would have to pay those STAR bonds off? **Ms. Carttar** said those are part of the previous agreement so that's all—you can kind of picture the map for that Project Area 1 where Schlitterbahn is. That's the area that is required to pay off those. The sales tax increment there is what pays off the 2015-A and B bonds. There are actually no bonds currently associated, well, that could be wrong, but with…**Commissioner Walters** asked, what did you mean when you said sales tax or sales increment? I'm talking about the cost of the land, the sales price for the land. We have to use our money to pay off the STAR bonds. I'm just kind of surprised by that.

Mr. LaSala said, Commissioner, if I may. There are really two things there. One is, is that land was initially purchased with STAR bonds in the first place. Really, we have an agreement with the Department of Commerce about that land that if we were ever to sell it, we would share in the sales receipts to begin with. So, the Department could have said, all right if you get $3M for it, we'll take $1.5. Instead of that, we collectively agreed that those 2015-B bonds are kind of troubled, they're sort of at risk. So, really, the Department came in with us and everybody decided if you put that money towards those '15-B bonds early in the equation, it really shores them up. You're really pretty safe if you get a bunch of money there to begin with. If you do it other ways, they're just more at risk. So, it was a combination of our partnership with the state and our agreement with them that this was a good use of that money, and it's partly about making sure that those 2015-B bonds don't default.

Commissioner Walters said okay. Well, that makes sense. Thank you.

Commissioner Walters said another, Katherine. It would be really helpful and there's so much give and take on this—it would be really helpful if you could give us some sort of projection over time of what our net revenues or benefits might be. I know you talked about numbers, so many dollars at completion or so many dollars over the life of the project or whatever. It would just be, I think, enlightening to let us understand how that would transpire sort of year by year. **Ms. Carttar** said yeah. Definitely. **Commissioner Walters** said thank you.

Commissioner Johnson said just a few quick questions. I'm interested in this community improvement district to pay-as-you-go CID. Have we done anything like this in the past, Katherine? Is this something that's done? **Ms. Carttar** said yes. It's actually pretty kind of the standard way that we like to do a CID without having bonds attached to it then it's just as additional sales are realized in the area, then what would come to you all for this project would be a specific petition that would lay out exactly the types of uses that that revenue would go to and it would be defining a CID area, a district, so that those funds could only go kind of as, because that's kind of the idea of pay-as-you-go. So, as they accrue, then they can be used in that area as frequently done for kind of ongoing maintenance or kind of a safe, and clean, security guards, other kinds of operational things that makes the district a better place to be. **Commissioner Johnson** said okay; great.

The other thing I really wanted to really double down on was the decision to make the donations for downtown investment. I like that the $3.75M into downtown and historically urban areas of Kansas City, KS. Of course, that's something that we, we that are on the eastern end, like to hear, of course. As the commissioner in the Northeast area, I would love to see that some of that money be dedicated toward the Northeast area. I know we might be a little ahead of our skis right now, but since its in there, since its in writing, and before we get ready to approve it, just wanted to get some dibs in for that area.

The other thing is probably just a notation that you'd probably fill in at a later time. Section 4b, 42d5, talking about the new retail sales tax and there's no number as it relates to that 12-month period in excess of base retail sales. Is that something that we will know at a later time? **Mr. LaSala** yeah, that's going to be cleaned out of the version that you're going to see at Commission on Thursday because I don't think we're going to know that number until later. We talked to the developer about that this week. We're going to reasonably determine that number once we know it. **Commissioner Johnson** said that's what I figured. I just wanted to get clarification on that. I appreciate it. **Mr. LaSala** said right. It's a good question.

Commissioner Johnson said I like the fact, Robb, that you and your group are doing this better than what we had in the past. I'll be honest with you. Your body of work speaks for itself. I like what I'm seeing thus far. Thank you all so much for the hard work that you all have done. **Mr. Heineman** said thank you. I appreciate that very much.

Commissioner Bynum said I do have a series of questions that I'm probably going to try to just run through them and let you answer and then come back to whatever may have been missed. Mr. Heineman, I love the project and I really appreciate your continued interest in working with the Unified Government and in Wyandotte County. I can't state that strongly enough. **Mr. Heineman** said thank you.

Commissioner Bynum said to my fellow commissioners and to our staff, I think now is a good time to make my pitch again for what I like to call the TED sheet, the Transparency in Economic Development page that lays out many of the details that we've gone over tonight. So, Mr. LaSala and Katherine Carttar, I think I'm just going to start asking a series of questions, and it's only to make sure that I understand

We talked a little bit about the $3M payment to the Unified Government and its going against existing STAR bonds, but how much would be left to pay off of that Schlitterbahn SVV STAR bond issuance? Then, I heard at some point in the presentation, an additional $130M in new STAR bonds. So, the real question there is, how much is the total in STAR bonds and are those always a 20-year max repayment? Also, with regard to the STAR bonds, the sales tax split that's discussed with Menards, are those still paying STAR bonds in the way that we're referencing them with that split? I did see, Katherine, that you stated in your realization of I think you said $4.9M at buildout and full property tax. So, that's how one of my questions were whether we had any property tax estimates on that. Then, the PILOT payout on the Homefield portion of the project. Do I understand correctly that the PILOT that's contemplated there is strictly for the Homefield portion, but then at full buildout of the rest of the project, everything else would pay full property tax and not be on a PILOT schedule? I just want to end with the timeframe for completion of the Homefield portion. Do we have a timeframe in mind for when the Homefield portion is up and open and operating?

And then, I just want to say lastly, that I also, Mr. Heineman, really appreciate your commitment to paying that Schlitterbahn charitable payment on closing. Then, of course, the commitment that you're willing to make to the other parts of town, downtown, and Northeast areas.

With that, if you could just kind of tick off answers for me and if I need to go back to one of my questions, I can do that.

Mr. LaSala said, Katherine, you want me to start? **Ms. Carttar** said yes. If you want to take the first part, I can take the middle, and maybe Robb can…**Mr. LaSala** said I'm sorry, Commissioner, I did a poor job of taking notes. But starting at the end of your list, maybe. The timeframe that you asked about is contractually committed. They have to commence by the summer of '21 and they have to complete by the fall of '22. Robb is articulating a timeframe that's faster than that because that's what they want to do and intend to do, but contractually, they're not in default if they commence before July of '21 and complete, I think the last date for completion is October of '22.

Secondly, your question about the PILOT. **Commissioner Bynum** said, it was multiple questions about the PILOT. Go ahead. I'm sorry. **Mr. LaSala** said the answer to your question is, we have really only contemplated in the document property tax abatement and PILOTs for two portions of the project so far, Homefield itself, and so there would be—so, for Homefield, there would be a 10-year PILOT and you would contractually lock in the amount that you would get for the three components of Homefield at $370,000 and change in year one, and it escalates year by year through year 10 to $404,000; actually, almost $405,000 in year 10. After that, Homefield comes back on the roles for whatever it will be appraised and assessed at.

The other thing that's contemplated by the document right now is a certainty IRB and a program just like this for the apartments, but for the apartments that are going in on Phase One, we've asked for an IRB application. We have to bring that back separately to you with a proposal about PILOTs for that apartment. Everything else in the project, whether its destination, retail, hotels, auto dealerships, all of that is currently contemplated to come on to the rolls at full value. **Commissioner Bynum** said okay. Thank you.

Ms. Carttar said and just to be clear, the PILOT schedule that's in place there, we reviewed that. Of course, the appraisers, nothing is built so there's nothing for them to appraise, but we did look at comps and other things to see if those seemed like a reasonable property tax rate for the next 10 years. Again, this kind of certainty IRBs, really all that means is there's no abatement. It's just what we believe 100% of the property taxes would be and locking in that number. So, that's what we would intend to do also with the apartments. No additional property tax abatement. They would be paying kind of full property tax, but we would be giving them the certainty of knowing exactly what that is for 10 years. **Commissioner Bynum** said got it.

Commissioner Bynum said then the other questions were all around just making sure I understand the STAR bond pieces of this. **Mr. LaSala** said I think I have decent notes about that. So, Commissioner, in 2015, we issued some STAR bond when Schlitterbahn was still out there and still going. We issued $72.9M of STAR bonds in 2015. That was Series A. Then we did a subordinate series of an additional $12.2M. That's the 2015-B bonds I keep talking about. Those bonds, the source of repayment, the sole source of repayment for those bonds are sales tax revenues generated in Project Area One, which is where the waterpark is, and Project Area 2A, which includes some of the auto dealerships.

Now, as you might imagine, when the waterpark closes, those bonds are in trouble as a result of that, in part. So, what I keep trying to talk about a program to solve for those bonds, those are bonds that have already been sold. Publicly, they're out there. And the sole source of repayment for those bonds are sales taxes from those two project areas.

What we're doing now is issuing additional STAR bonds to really demolish the waterpark, start over, deliver all the great things that Mr. Heineman's talking about for Homefield. So, I have talked about an additional, on top of that, I've talked about an additional $130M for the Homefield project. Part of what it does, is you get a bunch of new sales tax revenues that are generated, and we are trying, in no small way, to solve for the 2015-B bonds.

So, if that gives you the broader picture, I hope that answers some portion of the question. If not, lets stop there and you can drill down harder wherever you want to.

Chairman Bynum said $130 new. **Mr. LaSala** said that's right. **Commissioner Bynum** said with an existing…**Mr. LaSala** said it looks like 84; 84 and change; almost 85. **Commissioner Bynum** asked, what is the fate of the 84? That's where I'm getting stuck. **Mr. LaSala** asked, what is the fate of them? **Commissioner Bynum** said it's still $84M, correct, in STAR bonds? That's where I need your help. **Mr. LaSala** said that was the principal amount the day we issued them. There have been sales taxes generated. There have been payments made. We don't owe a total of $84; I saw we, there's not a total of $84M that is still owed on those bonds. I don't know if tonight I can give you with precision exactly where we're at on those bonds, but I could have told you that probably six weeks ago when we were coming up with this program.

Your Finance team has been looking at exactly where we are on those and what the payment schedule looks like over the remaining life of those bonds. **Commissioner Bynum** said the question that ultimately is, whatever that dollar amount is, is any of the sales tax that will be generated from the new development, going to be applied against the existing STAR bonds that have yet to be completely paid down? **Mr. LaSala** said yes. Absolutely, yes. In fact, because the new development—because the Homefield project that Mr. Heineman is describing is in Project Area 1, all of those revenues are going to repay those 2015-B bonds from those components. **Commissioner Bynum** said that's helpful for me to know.

Then, the only other thing, and I'll stop, is understanding—I understand the discussion of the Menards' sales tax split, but is it paying down STAR bonds or no after this time period expires? **Mr. LaSala** said I'm sorry. After which time period expires? **Commissioner Bynum** said within the development agreement, we contemplate that up until July of '22 or something around in there, it's all dedicated, but after that, it begins some sort of split. **Mr. LaSala** said that's right. So, there is this complicated equation about splits. It goes on for 20 years. During those 20 years, as we carve it up, 25% for a period of time, 75% for different period of time. During that 20 years, much of that sales tax revenue is going to repay 2015-B bonds. At some point, a large portion of that goes to repay these new bonds. Importantly, at the end of 20 years, at the end of the last of these bonds, all of that money is back in the General Fund.

Commissioner Bynum said okay. So, just to say that back to you. Regardless of how it's split, it's all paying off bonds. **Mr. LaSala** said that is correct. It's a question of which bonds; the new ones or the old ones, but that is correct. All of that revenue is paying back bonds. **Commissioner Bynum** said thank you. I think that's it, Mr. Heineman. Again, to you, thank you so much. **Mr. Heineman** said thank you. I appreciate that very much.

Chairman Burroughs asked, are there any other questions? (There were none.) Committee, I'm really pleased that you had a chance to review the work, just to go through the negotiation agreement once again. I think some of the highlights in reference to the timeline, Mr. Heineman, you put forward what I consider a pretty aggressive timeline so, thank you for putting that into use. When I read the contract, that was a pretty impressive timeline. I even asked Mr. LaSala about it and he said it was your recommendation. So, kudos to you and the timeline. I wish you the very best under the most challenging of times right now with the weather moving forward.

Chairman Burroughs said there's a couple of questions I do have. I appreciate Mr. Bryant bringing up the cost of acres for the property. I think that was a valid question for the public to understand, the value of our property and the covering of the issuance on the payback. Mr. Heineman, you have a history in our community of quality STAR bond development success. That is a tremendous comfort level to many of us knowing that we're not going in blindly into a partnership with someone who has not had this kind of experience. If your projects are as successful as you predict, these could pay off quicker than the 20 years proposed before us this evening if the successes are, as you state, they will be.

In going through the contract, I see the school districts will receive some money and it was mentioned by Commissioner Johnson about the $375,000 per year, the donations that would go into the Northeast end. With that comment, I do have a question as to why, under Item 13, the donation in downtown investments, there was language that stated, developer instead agrees to make investments in new economic development projects in downtown and historically urban areas of Kansas City, KS, and all of which investments must be reasonably approved by the County Administrator. Could you shed some light on that language for me, please?

Mr. LaSala asked, Commissioner, did you want me to speak to that or Mr. Heineman or who is that a question for? **Chairman Burroughs** said, Mr. LaSala, I think when we discussed it, I was advised to maybe ask Mr. Heineman why that language was included in there. If you want to answer it, that's fine. I just found that, reasonably approved by the County Administrator, I just want to ensure that we're clear as to how those dollars will be spent and what determinations will be met, what projects can justify those expenses. So, that's what I'm trying to get just a little clarity here.

Mr. LaSala said I'll start and let Robb chime in behind. I think, from our perspective, we want to know where that money's money. What types of projects it could go to? I know Mr. Bach and all of you feel like you're really looking for investments that are catalytic in that community to really help revitalize downtown and the urban areas surrounding downtown. I think it's important for the UG to have a look at where those dollars are going and what kind of investments those are.

I guess, to your question, that could either be done by the County Administrator or the Commission as a whole. I think Mr. Heineman would probably tell you, and maybe Robb, this is where you come in, I don't think he wants to go to Commission every time he's going to make one of these investments. Some will be large; some will be small. As long as the investments are catalytic investments in that area and the County Administrator is looking at those, I think Robb would probably prefer that versus going to Commission every time.

Mr. Heineman said agree. I don't think this is going to just be kind of a one project thing. I mean, we're already looking at three or four different things. One's a community garden/restaurant project. One's a multi-family, one's a single-family project. There's a number of different things I'm having a call with the Mayor on Thursday. He's got a couple of ideas on projects as well. I think over time, this is something that we feel like we can do a handful of projects.

Throughout this discussion, I've been having a number of different conversations with Mr. Bach on different ideas on how we can make this happen. I think we just want to kind of be creative and collaborative and open and figure out how we can make the best use of that money.

Chairman Burroughs said I appreciate that, Mr. Heineman. I didn't mean to put you on the spot. It just caught my eye that all investments would be reasonably approved by the County Administrator. I would hope that those projects would come before the Commission, specifically those of us on the Economic Development Committee, to help make those determinations to determine if they are to be approved or not instead of just having it approved and then blue sheeted through the Commission process. It's just about transparency is all.

I do appreciate that answer and I do understand. Trust me, Mr. Heineman, it's not my intent to have you in front of every committee to approve any projects anyway. It's never our intent to be a burden on our partners in the development process.

I, again, want to say thank you for investing in Wyandotte County. I truly believe to demolish and reinvent our destination sports venue in western Wyandotte County is a great benefit to us. Thank you for your vision for that area, particularly your home office. I truly appreciate that. I've always stated that Kansas tax dollars are worthy of having those business partners in our community and in our state. I commend you for giving that strong consideration.

Chairman Burroughs said with that, the only suggestion I would have, committee, is that we may look at that item that we brought forward about the reasonable projects, the reasonably approved by the County Administrator. As we stated, we've already heard a few ideas. It may be a benefit. We have Mr. Johnson express he'd like to have some opportunity to speak for his district. I think that would be an important process that we should all have a chance to advocate for and support those projects that are important to the Commission.

Commissioner McKiernan said, excuse me, Commissioner Burroughs. If I might just chime in and piggyback on top of that. I have a request that I would like to make. I appreciate the investment. I love the fact that we're going to get some investment. Please don't come to us, who represent these areas and say, here's what we decided to do for you. Please collaborate with us. Please talk with us, plan with us, dream with us, and then execute with us rather than for us. As some of our staff know, I do not like being surprised when I had no input into the process to be told, here's what's going to happen. So, I would just ask, please collaborate with us and we appreciate, sincerely appreciate, your investment.

Mr. Heineman said I think that's a fair point, Commissioner. Obviously, you know your respective areas far better than I. I'm sure there have been projects that have been contemplated or thought about throughout time that just for whatever reason couldn't get a good start. Look, I'd love it if you all were bringing us ideas and we have the ability to take those ideas and maybe put our spin on it or whatever it might be. No, I don't think we look at this as kind of a one-way thing. In fact, like I said, I'm meeting with the Mayor on Thursday. He's got some ideas that he wanted to share with me on a couple of different projects. So, we're completely open to that being the flow of how this process would go.

Chairman Burroughs said thank you, Mr. Heineman, and, Commissioner McKiernan, well stated. That's the whole thing about transparency. We have a commitment to our constituents and to our particular districts to advocate and that's what I was hoping we'd have the opportunity to do by looking at that language and that's why I wanted to point it out to the Commission members.

Chairman Burroughs asked, Commission, Clerk, is there any attendees this evening from the public that had any comments or questions? **Ms. Godsil** said no public comments were received.

Chairman Burroughs said with that, Committee, this is an action item. I would entertain a motion to advance this as it was requested to full Commission for, I believe, it's next Thursday's meeting. **Ms. Carttar** said this Thursday, in three days.

Chairman Burroughs asked, staff, do you believe you could have the questions answered or any other items that were discussed here this evening ready to be discussed for Thursday's meeting?

Ms. Carttar said yes. I think the vast majority we should have. No problem turning around that quickly.

Chairman Burroughs asked, Patrick, you comfortable with the action we're about to take? **Mr. Waters** said yes, Mr. Chairman.

Chairman Burroughs asked, Committee, any other questions or comments? (There were none.)

Action: **Commissioner Walters made a motion, seconded by Commissioner McKiernan, to approve and fast track to Thursday night.** Roll call was taken and there were five "Ayes," Bryant, Walters, (Johnson did not respond when his name was called), Bynum, McKiernan (Commissioner McKiernan said I do think Commissioner Johnson is having some internet issues at the moment. You might circle back to him when you have all the others. Ms. Mays said I promoted him back. You can call on him again.) **Ms. Godsil** said, Commissioner Johnson, we're voting on the Homefield item. (No response was received from Commissioner Johnson.) Burroughs. **Ms. Godsil** asked, is Commissioner Johnson available to cast his vote?

Commissioner McKiernan said, Carol and Patrick, this may not count for the purpose of this vote. He has just texted me from his cell phone and says, I vote aye. My internet is acting up. **Mr. Waters** said I don't know if we can accept that. We have sufficient votes to advance. **Chairman Burroughs** said with that, I do believe the motion passed, as Patrick stated.

Chairman Burroughs said, Committee, thank you for your work this evening. Panelist, thank you for the time you've given. Katherine, staff, appreciate all the work you've done. Mr. LaSala, I appreciate the breakdown of the Homefield contract. Mr. Heineman, we look forward to seeing you Thursday evening. I would anticipate that you will be there. **Mr. Heineman** said I will be there. I'm excited. Thank you very much for the opportunity. **Chairman Burroughs** said wonderful. Thank you.

Commissioner Johnson said aye. (Chairman Burroughs previously stated the motion passed prior to Commissioner Johnson's vote; therefore, this vote does not count.)

Public Agenda:

No items

Adjourn

Chairman Burroughs adjourned the meeting at 7:40 p.m.

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